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THE CLIFF DRIVE—KANSAS CITY HAS A 60-MILE BOULEVARD SYSTEM BUILT WITHOUT A BOND ISSUE

Problems of National Defense Three New Referenda

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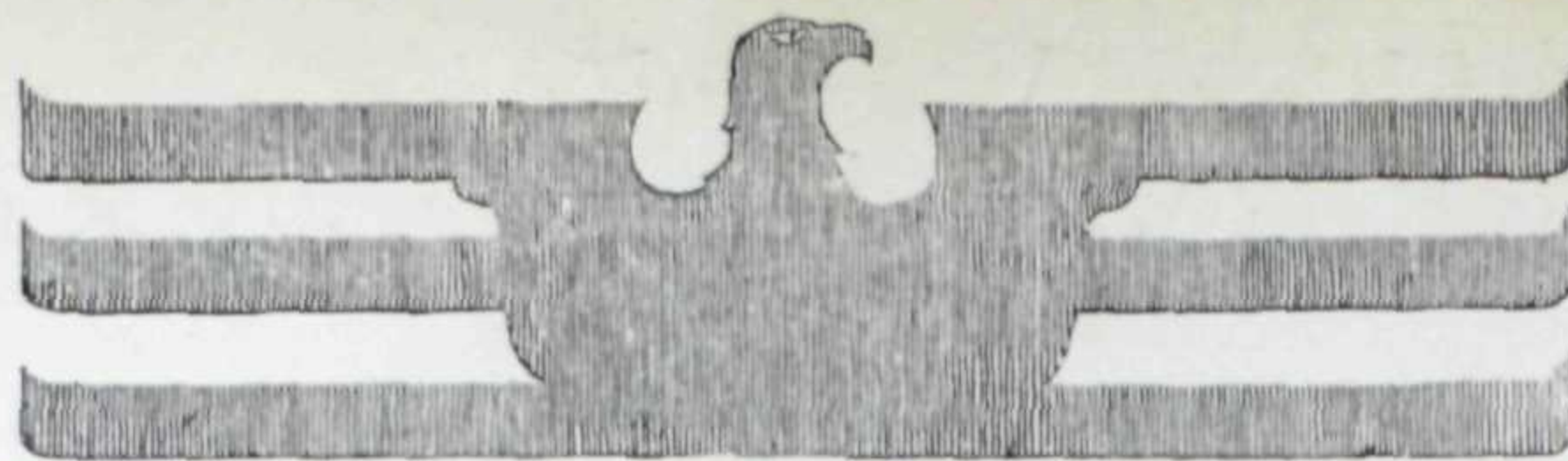


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THE NATION'S BUSINESS



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THE NATION'S BUSINESS is the Official monthly publication of the Chamber of Commerce of the United States of America and, as such, carries authoritative notices and articles in regard to the activities of the Chamber, its Board of Directors and Committees. In all other respects it is a magazine for business men and the Chamber is not responsible for the contents of the articles or for the opinions to which expression is given.

APRIL, 1916

Commerce in the Month's News

Four Years of Achievement

THIS month the Chamber of Commerce of the United States celebrates the fourth anniversary of its foundation. The officers and members of it can look back upon achievements which certainly have no parallel in this country and which bear conclusive testimony to the mature growth of a new force in our economic life. They have believed that democracy is not a synonym for inefficiency and have proved that co-operation and a united sense of service to the community lead to efficiency of a high and stimulating character.

National Defense

NATIONAL defense is not a modern issue. The Puritan Fathers insisted that the young men should drill on the village green or common. Neither they, nor the Minute Men of '76, were the unskilled riflemen their descendants would prove today.

What shall the United States do? Shall it act on precedent and prepare to secure itself fully from aggression or shall it set a new example of restraint and pursuit of the ideals of peace, at the risk of helplessness if its peaceful aspirations prove false? No question of more vital national import exists today than the choice between these alternatives.

The arguments for and against national defense have been warmly discussed both in and out of Congress. The referendum of the Chamber of Commerce of the United States which has just been sent out, offers a first opportunity for calm and thoughtful expression of public opinion. The Committee which prepared the report on national defense is of the opinion that there is no more reason to ask why the United States should prepare for national defense than to ask a ship captain why his ship carries life-boats. The opposite opinions, however, are also clearly set out in the pamphlet which carries the referendum. The result of the balloting which closes May 23 will consequently be awaited with special interest.

Maintenance of Resale Prices

THE very bulk of the data compiled by the special committee on the Maintenance of Resale Prices bears testimony to the difficulties which surround a proper understanding of the many phases of this interesting and important question. The issue was first presented to the attention of the National Chamber as a whole at the Second Annual Meeting in February, 1914. For two years the committee appointed as a result of a resolution passed at this meeting, has studied the problems involved. It is believed that the

referendum pamphlet, containing the results of the committee's efforts, presents a fair statement of the question and attendant difficulties. It is for the members of the National Chamber to concentrate on the simple principles contained in the ballot and reach a decision from the extensive material compacted by the committee. A decisive vote of the organization members of the National Chamber will do much to clarify what has been a moot question.

Vocational Education

THE third subject covered by the referenda sent out this month presents a question which is closely bound up with that nationalization of our economic life which has lately come so much to the forefront of public attention. The essence of vocational education is a training for better citizenship—not in any technical sense but in the broader economic sense which governs in industrial and commercial democracies.

The summary of argument against the committee's recommendations, which is included in the referendum pamphlet, illustrates the difficulties of principle and practice which surround the question. But the issue is clearly stated and a strong plea is also made by the committee in favor of the constructive policy it endorses. While vocational education in itself has not stimulated such popular interest as certain other questions now before the country, the principles which underlie the central idea which it touches, are by no means less important. National training for self support is a matter which should compel attention. Something valuable towards a definite decision on the subject should result from presenting it to members of the Chamber of Commerce of the United States.

International High Commission in Argentina

THE sessions of the International High Commission have just closed and the American delegation headed by Secretary McAdoo is proceeding to Chile on its way home by the Panama Canal route. Unlike most international conferences of the American Republics, this one has concentrated on only a few important questions, all of them more or less closely related and covering various phases of international finance. The article by Mr. John Barrett, Director General of the Pan American Union, which appears in this issue, gives an interesting summary of what part the International High Commission can play in carrying into effect the movement for improved relations with our sister republics which were so well started last spring at the Pan American Financial Conference.

Immigration Bill in the Senate

VARIOUS movements for nationalization and defense of our people and our industries are not unrelated to the immigration bill which was passed by the House on March 30 and referred to the Senate Committee on Immigration. The problem of our immigrants is not yet solved and further difficulties which it may present after the war are already subjects of speculation.

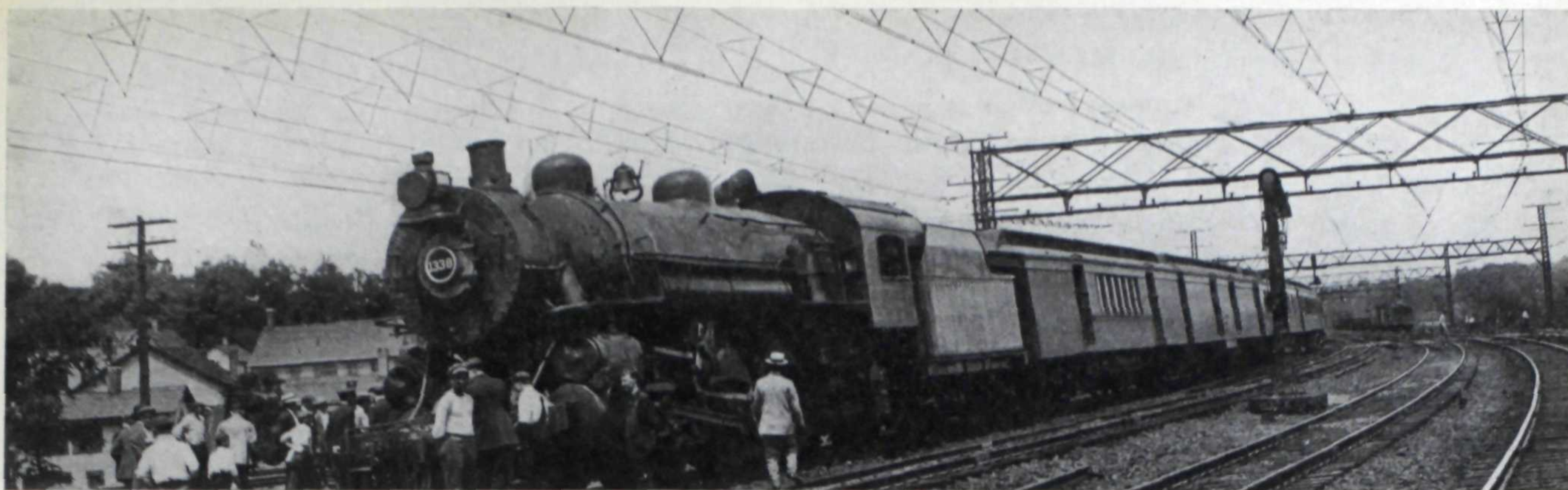
The proposed bill is in part a codification of existing laws but also carries with it important amendments such as the literacy test which is to be applied to all aliens entering the United States over sixteen. To those already denied admission there have also been added persons of "constitutional psychopathic inferiority" of such a character as to prevent their adapting themselves properly to new environment, as well as all who advocate or teach the unlawful destruction of property or are affiliated with organizations affecting such principles. This last restriction, however, would not apply to cases of a purely political nature.

It has been argued that protection of immigration is the natural corollary of protection of industry. Whatever the facts may be, immigration is one of our great national problems, treatment of which at this time is a matter of vast importance.

"Dumping" Legislation

DUMPING became a general term in the public mind when it was discovered that a practice as old as the world market was being successfully put in operation by corporations and trusts. But dumping on the part of foreign manufacturers in the United States is a new problem. It is surrounded by enormous complications due to the fact, for example, that two foreign manufacturers may be selling at the same price to the consumer in this country and yet one of them be selling below his home cost of production or market and the other well above it. In other words one is perhaps practicing unfair and the other perfectly fair competition. How shall tariff legislation distinguish between the two?

Just what is to be done will prove of importance not only to American manufacturers but equally so to the manufacturers in the foreign countries with which we trade. One of the pressing problems of all the belligerents is the rehabilitation of their foreign commerce. Already they have begun to plan for it and are awaiting with special interest the trend of tariff measures in this country.



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A TYPICAL MODERN PASSENGER EXPRESS BETWEEN NEW YORK AND BOSTON

The Railroad Situation and the Public Interests

Special Committee of the National Chamber Reports to Directors

NEARLY four hundred thousand train service employees ask that their wage day be eight hours instead of ten and that they be paid one and a half times the regular rate for all over-time. These demands may shortly come to a head and create a crisis in the railroad situation which would result in a tie-up of the principal transportation systems of the country. Not long ago it was stated by a leading railroad president that the men would not consent to any form of arbitration and would walk out if the railroads did not grant their requests. On the same side it has been claimed that the men are trying to make the public believe they are demanding a real eight-hour day rather than a \$100,000,000 increase in wages.

Attention has already been called to the fact that there could scarcely be a worse time than the present for a country-wide railway strike. It is well known that congestion of traffic on various lines, due to vast movements of goods, has already become a problem of economic importance. Railways are the main arteries of internal commerce and a country-wide stoppage of the flow of traffic through them would have an extremely serious effect on business. The country has just begun to revive from the effects of the war and previous depression. In addition to this internal question, there is today the added complication of our foreign relations. There is already an army in Mexico and a larger one may have to be sent. The European situation has been complicated for many months past and the President has publicly noted its

seriousness. It is hard to foresee just what would happen to the army in Mexico or to the country in general if any one of a number of possible contingencies should result in an acute crisis in our foreign relations.

Action by National Chamber

As the gravity of the situation became clear, action was taken by the Chamber of Commerce of the United States at the Annual Meeting in February and resulted in passing a resolution calling for the appointment of a special committee to study carefully and impartially such phases of the situation as relate to the interests of commerce and the public, and report on the best means of preserving the public service unimpaired. The resolution called attention to the fact that an interruption of traffic such as that impending, would be a national calamity and that, if it arose from arbitrary action of either side without the question in dispute being submitted to a careful and impartial analysis, an act inimical to the public welfare and fraught with grave consequences would result.

Mr. Harry A. Wheeler of Chicago was promptly appointed chairman of the special committee by President Rhett, and a preliminary meeting was held in Chicago on March 27. A second meeting was held April 10, which was attended by the chairman and nine members of the committee. These included C. A. Johnson, a manufacturer of Madison, Wisconsin; Bishop Thomas F. Gailor of Memphis, Chancellor of the University of the South; Robert H. Downman, a lumber

man of New Orleans; Charles E. Faeth, Vice President of the Kansas City Commercial Club; E. T. Meredith of Des Moines, publisher of *Successful Farming* and a Director of the Chamber of Commerce of the United States; A. J. Porter of Niagara Falls, President of the Shredded Wheat Company; C. F. Weed, a lawyer of Boston; and E. J. Couper, President of the Minneapolis Civic and Commerce Association who attended as representative from the northwest, pending final choice of a member of the committee from that section.

Seriousness of Situation

Opinions gathered during the past two weeks from numerous sources have now been carefully weighed in regard to steps that the committee could take effectively. The last meeting has served further to convince the members of the committee of the seriousness of the situation and enabled them to adopt a report to the Board of Directors.

It is understood that the heads of the four train service brotherhoods are not committed either for or against arbitration. It has been suggested that the Government has ample machinery for impartial investigation either in the Interstate Commerce Commission, the United States Board of Mediation and Conciliation, or a specially appointed committee of Congress. In the meanwhile the Board of Directors will have received the report of the Special Committee and be able to determine whether this grave question should be submitted to a referendum vote of the National Chamber.

New Executive Committee Elected

Kansas City Entertains Directors of the National Chamber

THREE subjects ordered to be submitted to referendum vote at the earliest possible date—vocational education, maintenance of resale prices, and national defense—the selection of a new executive committee and the election as chairman of Joseph H. Defrees, of Chicago, were the leading matters of importance transacted at the meeting of the Board of Directors of the Chamber of Commerce of the United States in Kansas City, March 16 and 17. Notwithstanding the fact that the Board was in session a large part of the time, the Directors were able to take advantage of the hospitality extended by the Kansas City Commercial Club which added much to the success of the meeting. Every effort was made to acquaint the visitors with the advantages of the city and they were welcomed by the most prominent business men of the community.

Railroad Committee Members Appointed

Much was done towards completing the personnel of the Special Committee on the Railroad Situation, of which Harry A. Wheeler, of Chicago, is the chairman. In fact, so satisfactorily did the matter progress and so prompt were the acceptances of those asked to serve, that an executive session of the committee was subsequently held in Chicago on March 27. Besides Mr. Wheeler, the members of the Railroad Committee, as it now stands are: James Couzens, of Detroit; C. A. Johnson, of Madison, Wis.; Bishop Thomas F. Gailor, of Memphis; Oliver Wilson, of Peoria, Ill.; E. T. Meredith, of Des Moines; William Fellowes Morgan, of New York City; Charles E. Faeth, of Kansas City; Charles F. Weed, of Boston; A. J. Porter, of Niagara Falls; and Robert H. Downman, of New Orleans.

Important Appointments Authorized

Resolutions on "dumping" legislation and industrial protection adopted at the annual meeting of the Chamber in February were referred to the Chamber's Special Committee on a Tariff Commission. The Committee was instructed to follow the questions involved with respect

to making the views endorsed by the Chamber effective.

President Rhett was authorized to appoint a committee of five to consider the resolution adopted at the annual Meeting on Civil Service Retirement. He was also instructed to appoint a committee on Post Office as soon as possible.



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JOSEPH H. DEFREES, OF CHICAGO,
New Chairman of Executive Committee

In addition to this, the appointment of a committee was authorized for the consideration of the subject of railroad regulation. Another committee to be appointed will consider the questions involved with respect to rivers and harbors and develop a plan of action by the National Chamber. Special committees on Conservation of National Resources and Highways were also authorized.

New Members Elected

The Chamber of Commerce of El Paso, Tex., and the Commercial Association of Springfield, Ill., were elected to organization membership. Another new member was the Norwegian-American Chamber of Commerce of New York. In addition to this, fifty-six corporations, firms and individuals were elected to individual membership. This brought the total or-

ganization membership of the National Chamber to 707 and the individual membership to 3237.

Making Referenda Effective

The Board canvassed the vote on the Seamen's Act referendum which was overwhelmingly in favor of the recommendation of the committee whose report was the subject of the ballot. The result was ordered to be printed and distributed to the membership.

A resolution was also adopted providing that committees whose reports had been acted upon by a referendum vote of the organization membership be charged by the Board of Directors with the duty of making effective the vote on the respective referenda. The resolution stated further that the committees be empowered to proceed between meetings of the Board with such program and action as may meet with the approval of the president of the National Chamber and that the president be authorized to add to or reorganize such committees during the year as in his judgment it should appear desirable. The latter action would be subject to approval at the subsequent Board meeting.

The New Executive Committee

Besides Mr. Defrees, the newly elected chairman, the following were designated as members of the Executive Committee: R. T. Cunningham, Fairmont, W. Va.; William H. Douglas, New York City; John Joy Edson, Washington, D. C.; A. I. Esberg, San Francisco; Homer L. Ferguson, Newport News, Va.; Edward A. Filene, Boston; Charles S. Keith, Kansas City; C. A. McCormick, New Brunswick, N. J.; E. T. Meredith, Des Moines, Ia.; F. A. Seiberling, Akron, O.; and R. Goodwyn Rhett, Charleston, S. C., ex-officio.

A Prominent Figure.

Mr. Defrees who succeeds Mr. Rhett as chairman of the Executive Committee started his professional life as a lawyer in Indiana, practicing from 1880 until 1888. He then went to Chicago where he afterwards became a prominent figure in the commercial world of the Middle

West. Mr. Defrees was for two years president of the Chicago Bar Association. In 1914 he served as president of the Chicago Association of Commerce. He has also been vice-president of the Civic Association of Chicago and of the State Bar Association of Illinois. Mr. Defrees served as a vice president of the National Chamber, since March 17, 1915. He is fifty-eight years old.

Mr. Keith Entertains

Charles S. Keith, the Kansas City Director of the Board, Thursday evening entertained the Directors of the Kansas City Commercial Club and of the National Chamber at a dinner at the Country Club. During the evening former Secretary of Commerce and Labor Nagel, one of the directors, made an interesting address on nationalizing business and industry and the accompanying need for absolute unity among the American people. Mr. Rhett discussed the purposes and work of the National Chamber and Mr. Reed, manager of the Field Division of the National Chamber, urged the need for cooperation.

Commercial Club Hosts

On Friday the Directors were the guests of the Public Affairs Committee of the Commercial Club. Those who spoke were President Rhett, Mr. Stearns, a director from Denver; Mr. Wheeler, and Secretary Goodwin. Mr. Rhett said that just as it was found that individual efforts in a city or town were futile, and

cooperative efforts through members of local chambers of commerce were necessary for the development and growth of a community, so it has been found that a nation-wide cooperation of local chambers is equally necessary to secure those larger benefits which can only come to a community from beyond its immediate environments.

"If you stop short of the larger cooperative work," Mr. Rhett continued, "then you have failed to grasp the full meaning of a modern chamber of commerce. There are many laws being enacted and many things being done which affect your community and a great many others similarly situated. You can only hope to have any influence upon these laws or upon these actions through that same cooperation which you have found effective in local affairs."

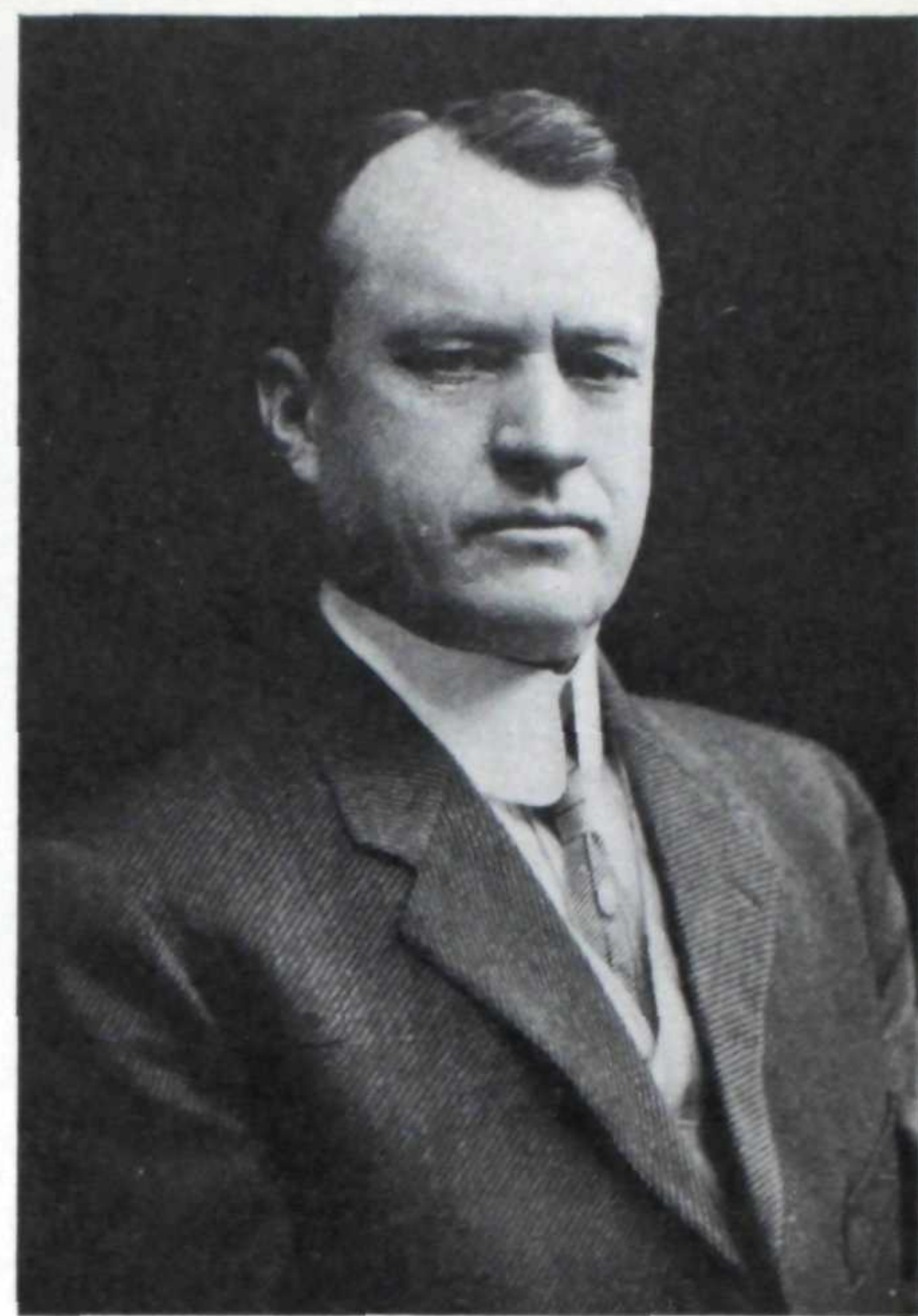
Mr. Rhett Urges Need for Cooperation

Mr. Rhett said that some of these actions spring from the National Capital and must be reached by the cooperation of chambers located in all parts of the country. For instance, he pointed out that the question of a merchant marine for this country has been engaging the attention of Congress for some time and is still engaging its attention. If it were not for the fact that one set of the belligerents controls the sea, our lack of ships under American registry would reduce the price of our grain to a small fraction of what it is bringing upon the markets of the world today. Finally he asked the audience if they realized that the change in our banking laws, coming at a critical period in our history, saved this country from a disaster which would have been felt in every section of it.

"These are all matters which can only be reached by some great national organization," Mr. Rhett argued, "formed for the purpose of coordinating the local chambers in such a manner as will best protect business and secure for it the widest opportunity for growth and expansion, which the general welfare of the public will permit."

Visitors See Kansas City.

Later the same day the party went for an automobile trip through Kansas City. The park system contains 2,600 acres, an area exceeded by few cities. When, however, it comes to boulevards, Kansas City is second to no other American city in the extent of its continuous con-



CHARLES R. BUTLER,
President Commercial Club, Kansas City

nected thoroughfares. It is possible to drive sixty-miles without leaving this remarkable system of driveways. Swope Park brought forth particular commendation and there was praise for Kansas City's famous Cliff Drive.

The business and manufacturing section of the city was then visited where over 44,000 people are at work in the factories and where \$319,428,000 in finished products are turned out in a fiscal year. Kansas City's development in the manufacturing world has been remarkable. In the last four years the volume of manufactured products has increased 46 per cent. The city's importance as a railroad center has been emphasized by the modern Union Station. According to the Census Bureau estimates for July 1, 1915, Greater Kansas City stands sixteenth among the cities of the country, with a total population of 405,048.

The sixteen members of the Board who attended the meeting were as follows: S. B. Anderson, Memphis, Tenn.; W. L. Clause, Pittsburgh; James Couzens, Detroit; R. T. Cunningham, Fairmont, W. Va.; Joseph H. Defrees, Chicago; E. A. Filene, Boston; Charles S. Keith, Kansas City; R. A. McCormick, Baltimore; E. T. Meredith, Des Moines; Charles Nagel, St. Louis; John W. Philp, Dallas; R. G. Rhett, Charleston, S. C.; F. A. Seiberling, Akron, O.; Leon C. Simon, New Orleans; Thomas B. Stearns, Denver; and Harry A. Wheeler, Chicago.



BUSINESS SECTION OF KANSAS CITY
Where Board of Directors Were Guests of Commercial Club

International High Commission at Buenos Aires

By JOHN BARRETT, *Director General of the Pan American Union*

THE conference which has been in session at Buenos Aires, the capital of Argentina, of the High Commission of the twenty-one American Republics appointed as a result of the action of the Pan American Financial Conference which met in Washington last May, is one of vast practical importance to Pan America. All friends of practical Pan Americanism must view with regret the fact that the newspapers of the United States are giving so little attention to this gathering and that the news service from Argentina brings such meager reports of its sessions. There should be a daily record of its doings on the front page of every metropolitan journal of the United States. We can never hope in this country to arouse widespread and lasting interest in Pan American finance, in Pan American commerce, and in general Pan American relations until our newspapers are educated to give more attention to Pan American events, even though they are happening beyond the border of the United States.

This fact is emphasized by bearing in mind that when the Pan American Financial Conference met in Washington last May nearly every Latin American newspaper, from Cuba, south to Chile, gave special prominence to its doings. It is also remarkable that at this very moment the newspapers of Europe and especially Great Britain, France, Spain and Italy, are giving more attention to this conference than are our own papers.

There were in attendance at Buenos Aires aside from Secretary McAdoo representing the United States, the Ministers of Finance of at least one-third of the American republics together with delegations from every country, which are made up of their ablest financial and commercial leaders. The Argentine Government has given them a most cordial welcome, and the speech of Secretary McAdoo in reply was most appropriate and was favorably received by all the delegates. On the way, moreover, to the conference Secretary McAdoo and his party enjoyed a cordial reception in Rio de Janeiro, the capital of Brazil, and in Montevideo, the capital of Uruguay, which voiced the interest which those countries have in the conference and ex-

pressed their appreciation of the fact that the Secretary of the Treasury of the United States, at a most busy time, left Washington to make the long journey to Buenos Aires and attend the conference. When Secretary McAdoo and his associates depart from Buenos Aires and return by way of Chile and the west coast



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MR. BARRETT AT HIS DESK

of South America, they will be received with equal enthusiasm and sincerity in all the capitals they visit.

Reference to the way the United States and other delegates have been received in Buenos Aires prompts me to emphasize how much better the Latin American governments do these things than does the government of the United States. It is not the lack of good intention on the part of this government but it is the lack of appreciation of what is expected and should be done in the premises coupled with small appropriations of Congress which do not permit extending the kind of hospitality that should characterize our international dealings. When a distinguished Latin American comes to this country he is shown a certain measure of attention and consideration but nothing like the way Latin America gives attention to a visiting citizen of the United States of corresponding prominence.

Speaking from the standpoint of the executive officer of the Pan American Union, the international organization of the American republics whose object is the development of commerce, intercourse, good understanding, friendship

and peace among them, I feel the deepest interest in this Buenos Aires Conference and hope that it will be productive of far-reaching results. There is special reason for confidence in its achievements. It is made up of practical men, who have assembled to discuss a carefully considered plan. Its field is limited and, therefore, its labors will not be so scattered that it will be difficult to reach conclusions.

If this conference is not a success, then none can be. It is, in a sense, an assembly of financial and commercial specialists, each intent upon accomplishing a new order of things which will help his country to a higher degree of prosperity.

There have met in the United States and in many of the Latin American countries many Pan American Conferences in former years from the time Simon Bolivar, the George Washington of northern South America, called the Pan American Conference which met in Panama in 1826, down to the Second Pan American Scientific Congress held in Washington this year.

All of these conferences have considered a most extensive program involving all phases of international relations. They have been attended by able men and much interest has been manifested, but the great trouble has been that they were not sufficiently specialized; they covered so much ground and so many problems, that no individual question was sufficiently discussed and worked out to a practical conclusion. Again, in turn, the resolutions approved by these conferences were very seldom ratified by the governments which had participated by the sending of delegates. Interest was lost after adjournment and very little was done until the next conference was held. During this series of Pan American Conferences, the Pan American Union, which was created by action of the first Pan American Conference, has done everything it could within the limit of its scope and purpose to advance Pan American commerce and friendship, but it has been handicapped by certain limitations which an international organization always faces. It undoubtedly has accomplished great results, especially along the line of awakening popular interest throughout both North

and South America in Pan American affairs, and it might, in a sense, be called sponsor of this new Pan American era.

To make sure that this conference will be profoundly beneficial not only to the United States but to all the other countries, it is altogether desirable that, when Secretary McAdoo and the associate members of the High Commission of the United States have returned to this country and made their report, the commercial organizations headed by the Chamber of Commerce of the United States, with its characteristic enterprise and highly perfected office, should back up their labors and urge upon Congress the passing of necessary legislation. Correspondingly, similar action should be taken by the commercial organizations and the business interests of each one of the participating countries. I am free to say that the Pan American Union as an international organization will do everything in its power to keep up interest throughout the United States and Latin America in the work of this conference and will hope for legislative approval of its recommendations.

It will be noted that I have just made particular reference to legislation. This, however, cannot be too much impressed upon the government, the people, and the great commercial, banking, financial, manufacturing and business interests of the United States and other countries. If only a small part of the excellent resolutions passed by the four Pan American Conferences which have been held during the last twenty-five years had been approved by the congresses of the participating governments, the cause of Pan Americanism would be today experiencing that reality of progress and power



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PLAZA DE CONGRESO. CONGRESS SQUARE, BUENOS AIRES

which it cannot achieve now for many years to come.

We have now, however, a new and most fortunate situation. After the conference has adjourned we will have in the United States the Secretary of the Treasury himself, a United States Senator, the Assistant Secretary of the Treasury, and a group of other leaders in commerce and finance who will bring pressure upon Congress for the necessary legislation. Likewise in the other countries they will have their Ministers of Finance and men of prominence to press their congresses for action. It can be, therefore, said that everybody interested in practical Pan Americanism throughout Pan America should have greater confidence than he has ever had before that there will issue from this conference tangible results which will effectively and directly advance Pan American commercial and financial relations.

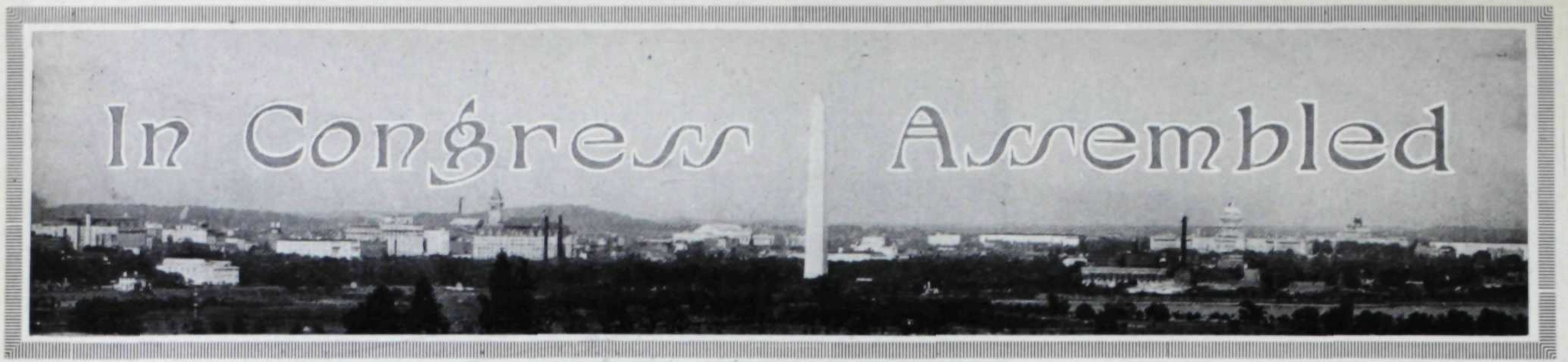
In an article of this kind there is not space to discuss the various questions

which are before the conference. It is, however, fitting that, as a matter of record, they should be embodied in this article for the information of those who may read it and who have not quite fully appreciated the big problems that are being discussed and worked out at Buenos Aires. They include: first, necessity of better transportation facilities between the American Republics, and means of securing them; second, improved banking facilities; extension of credits, financing of enterprises, public and private; third, stabilizing of international exchange; fourth, arbitration of commercial disputes; fifth, negotiable instruments—bills of lading, warehouse receipts; sixth, uniformity of customs regulations and classification of merchandise; seventh, postage rates, parcel post and money-order facilities; eighth, cable rates, wireless telegraphy; ninth, commercial travelers and samples; tenth, patents, trademarks and copyright.



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HEREFORDS GRAZING ON THE VAST PAMPAS OF THE ARGENTINE



Session's Program—Steamship Regulation—American Foreign Banks—Interlocking Bank Directors

AS THIS number of THE NATION'S BUSINESS goes to press majority and minority leaders in both Houses of Congress are indicating their desire to expedite the work of the session. Army, navy, and fortification bills, however, are only at various intermediate stages in their progress toward enactment, and none of the appropriation bills carrying money supplies for the Government in the year that begins with July has yet been enacted. Under these circumstances other measures of general interest are either awaiting their turn or must take their chances.

President's Programme

In a recent conference the President urged that the shipping bill, which has been in committee since the end of January, and the bill intended to facilitate loans on agricultural land under Federal Supervision should be enacted before Congress adjourns. The latter bill is ready for consideration in the Senate, and with changes will probably be reported in the House later in the month.

When majority members of the House held a caucus, on March 24, a memorandum was read which stated a programme of legislation for the session suggested by the President. Besides appropriation bills and a new revenue bill it mentioned an anti-dumping law, the creation of a tariff commission, the shipping bill, legislation regarding the Philippines and Porto Rico, bills dealing with water powers and coal and oil lands in the West, and the control of the Mississippi river.

New Taxes

The nature of the legislation which will supply additional revenues to meet increased expenditures has not yet been

decided. The readiness with which the income tax can be made to yield larger sums with little increase in cost of collection will scarcely escape attention. In fact, the action of the Senate Committee on Appropriations on April 7 in adding \$150,000 to the sum available for expenses in collecting the income tax may foreshadow the new taxes. The success of England in obtaining from income taxes over half a billion dollars this year, and in planning for \$800,000,000 from the same source in the new year will scarcely pass unnoticed. It will be recalled that last year the Federal tax on personal incomes produced \$41,000,000 and the tax on the incomes of corporations yielded \$39,000,000. The amounts which will be collected on account of the year for which returns were made immediately before March 1, 1916, have not yet been announced, but may total \$100,000,000.

The emergency stamp and occupation taxes imposed in October, 1914, for two years, and last December extended to the end of 1916, bring in about \$7,000,000 a month. Some of these taxes may be readjusted in the new revenue bill. It is possible, too, that with respect to the income tax some of the recommendations of the Secretary of the Treasury will be adopted, such as substitution of information at the source for collection at the source.

When addressing Congress at the beginning of the session, the President estimated that the additional revenues required to carry out the programme of military and naval preparation would be about \$93,000,000 for next year.

The Sugar Duty

The President's estimate was predicated upon continuance of the present

duty on imports of sugar, about one cent a pound. In the middle of March the House passed a bill which would continue the duty indefinitely; on April 11 the Senate voted to have the duty cease without further legislation on May 1, 1920—four years from the date fixed by the tariff law of 1913. The difference in point of view between the two Houses will have to be adjusted in a conference where there will be much difference of opinion. The duty on sugar is estimated to produce about as much as the emergency revenue taxes—in the neighborhood of \$7,000,000 a month.

Dyes and Dumping

Proposals for new duties upon artificial dyes, and the intermediate products of coal tar from which they are made, were brought forward in the Senate as an amendment to the bill continuing the sugar duty with expectation that they would be defeated, partly on the ground that sugar and dyes are to be dealt with separately. In the debate the duties proposed were calculated at an average of 45 per cent ad valorem.

Since the House Committee on Ways and Means held hearings in January regarding the proposals defeated in the Senate, there have been many conferences, but no decision upon a course of procedure. The inclination, however, seems to be to attempt to protect American manufacturers of dyes largely through some form of legislation against the sale in American markets of foreign dyes and intermediates at prices depressed to destroy the American industry. What form such legislation can take and be effective has not been decided, and perhaps will not be reduced to concrete proposals until an omnibus bill is ready—

a bill providing not only against dumping of foreign products in American markets and for a tariff commission, but for the new sources of revenue.

Tariff Commission

Several of the parts of the legislative programme are being perfected. On March 27 the tariff-commission bill was reintroduced with some changes. For example, the members of the commission are increased from five to six; its chairman is to be designated every two years by the President; authority to investigate is extended to tariff relations between the United States and other countries, preferential transportation rates abroad for exports, bounties, and the cost of production; and reports by the commission on subjects into which it inquires on its own initiative are not to be published, but are to be at the disposal of the President and the tariff-making committees of Congress.

The Shipping Bill

Since March 9, a subcommittee of the House Committee on Merchant Marine and Fisheries has been considering the text of the Ship-Purchase bill which was drafted in conferences last autumn and in the early winter, being introduced in the House at the end of January as a substitute for the bill which failed in the last Congress.

In the subcommittee much attention has been given to the sections which authorize the proposed United States Shipping Board to fix reasonable rates for transportation by water, arrange preferential rail-and-water rates for exports in American vessels, and license water lines.

Regulation of Water Transportation

The subcommittee has been considering a substitute for these sections, opening hearings on it April 13 and announcing that testimony may be taken until April 22. The substitute is based upon a bill introduced in the last Congress as a result of investigations conducted for several years by the same committee into agreements and combinations among steamship lines.

If the substitute is incorporated in the shipping bill deferred rebates, fighting ships, and discrimination against shippers who use rival lines will be unlawful. No agreements for pooling traffic will be lawful and removed from the

prohibition of the Sherman Act unless affirmatively approved by the Shipping Board. Rates will have to be filed with the Board, kept open to public inspection, and changed only upon a notice of ten days. Discriminations through rebates, false billing, and the like will be penalized, and if rates are unreasonable they may be replaced by the Board with reasonable rates. In this connection the Board's power extends to rates which discriminate against American exporters to the advantage of their foreign competitors.

Not only steamship lines but also firms engaged in the business of forwarding, towing, or furnishing terminal facilities such as lighterage and warehousing would come within the jurisdiction of the Board.

American Banks Abroad

The Federal Reserve Act allows a national bank which has capital and surplus of a million dollars to open branches abroad. Six branches have been accordingly opened in Latin-American countries.

Upon recommendation of the Federal Reserve Board, the House Committee on Banking and Currency has reported a bill proposing a different sort of American foreign bank. The plan contemplates a separate corporation organized under the supervision of the Reserve Board solely to conduct a banking business in foreign countries. To the stock of such a corporation any national bank with capital and surplus of a million dollars might subscribe, no one bank to subscribe to the extent of more than ten per cent. Cooperation in this way among national banks would be expressly removed by

the bill from the operation of the Sherman Act.

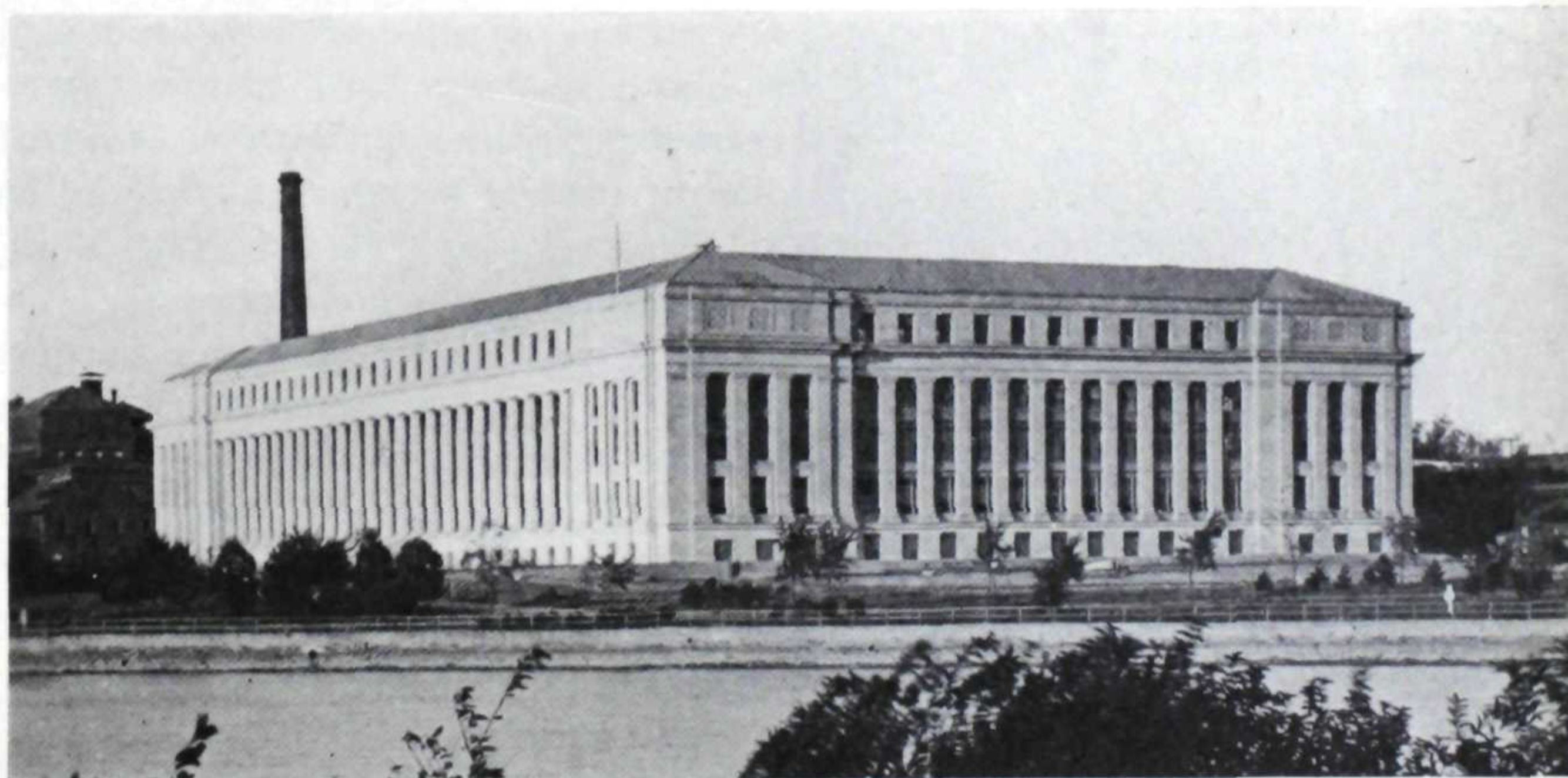
Local Branches

In the same bill the House Committee proposes to permit a national bank which has capital and surplus of a million dollars, and which is in a city of 100,000 or more population, to open branches in its city. This, too, is recommended by the Reserve Board, and is considered by the committee to be both equitable and essential.

Interlocking of Directorates

The members of the National Chamber, in the eighth referendum, voted that the problems involved in concentration of credit should be referred to the Federal Reserve Board. The Clayton Act, however, declared that after October 15, 1916, an officer or director should not serve more than one bank which has deposits, capital, surplus, and undivided profits of more than five million dollars, and that a bank in a city of 200,000 or more inhabitants should not have as officer or director a person similarly serving another bank in the same place.

A bill passed by the Senate on April 11 modifies these prohibitions of the Clayton Act, by conferring authority on the Reserve Board to deal with these situations. As introduced the bill would have authorized the Board to allow the same person to serve any number of banks which are not in substantial competition. At the suggestion of the Board itself, however, the bill has been changed so as to allow the Board to grant permission for an officer or director of a bank in the reserve system to hold similar relations to two other banks, if there is no substantial competition.



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THE BUREAU OF ENGRAVING AND PRINTING, AT WASHINGTON
Where the Government Uses Coal Tar Colors in Printing Currency and Stamps

Four Years of Achievement

The National Chamber, With 700 Organizations, Represents Every State

AT the time, few could be confident of the future interest which would attach to the National Commercial Conference held in Washington April 22 and 23, 1912, at the call of one of the present members of the Board of Directors of the Chamber of Commerce of the United States, Mr. Charles Nagel of St. Louis, who was then Secretary of Commerce and Labor. Nearly seven hundred delegates representing three hundred and ninety-two commercial and trade organizations, were present. The result on April 23 was the organization of the Chamber of Commerce of the United States, with Mr. Harry A. Wheeler of Chicago as president.

Although it is only four years from the time this great conference adjourned, its name is little known and the circumstances of its existence scarcely appreciated. But it was this conference which gave birth to the newest and greatest of the commercial federations in the international family. The picture of the National Chamber was admirably drawn by Mr. Wheeler in his speech at the Second Annual Meeting in 1914, upon his retiring from the presidency.

The picture I would like to fix indelibly in your mind is this: Five hundred and twenty organizations forming a base and that base not a straight block, but a base that extends from its peak or top outward to a footing of two hundred and fifty thousand business men and business firms. On that foundation of five hundred and twenty organizations, with a quarter of a million of business men and corporations, you are building now, as a result of last year's by-law provision, an individual membership as a superstructure capable of being drawn into the service and already carefully selected from all parts of the country. Now does that present to you a picture that means anything? This little time ago, all business organizations were in a state of chaos when it came to expressing national business opinion. Today there is the great foundation spreading its lines out so broadly that it can never be undermined and the superstructure that is being built upon it is a superstructure *** capable of supporting and sustaining and aiding in the growth of this great work.

Since these words were spoken the Chamber has grown to include over seven hundred commercial organizations and thirty-three hundred individual mem-

bers and the limit is not yet in sight. But the picture is as true today as it was then.

Early History

It is rare, if not unique, that an organization comes to life full blown and



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R. GOODWYN RHETT, OF CHARLESTON, S. C.,
Third President, Elected in 1916

with such unchanging roots. The by-laws adopted after two days' conference in 1912 are the by-laws of the National Chamber today, and its organization with a president, board of directors and general secretary has been unchanged. Constructive work was begun with the occupation of permanent offices which were the nucleus of the extensive and well equipped quarters used by the Chamber today, and the appointment of a permanent general secretary in the person of Elliot H. Goodwin of New York, N. Y., formerly secretary of the National Civil Service Reform League. From that time organization work went on rapidly, Mr. D. A. Skinner, who had been with the movement since its inception, taking the position of assistant secretary. THE NATION'S BUSINESS was started in August, 1912, and in November, 1912, the first referendum, on the question of a National Budget was issued to the two hundred organizations, in thirty-nine states, which then constituted

the membership. At the First Annual Meeting, in February, 1913, the movement was well launched with positive achievements in reach.

Increase in Membership

At that time the increase in organization membership was so firmly grounded that it was decided to build upon it a superstructure of individual membership which should be composed of business men and firms already in good standing as members of one or other of the organizations which constituted the National Chamber. By the time the service to members included issues of the General and Legislative Bulletins, arrangements had been made with a view to establishing a division in the national headquarters for the exclusive purpose of service to individual members. A year later the organization membership had increased to five hundred and thirteen, representing forty-seven states, and the individual membership to seventeen hundred and fifty-seven.

The Nation's Business

The original idea of THE NATION'S BUSINESS was that of a bi-monthly publication in newspaper form. As the necessity for more studied preparation became evident, it was determined to issue it once a month in the form of a magazine which would contain an attractive and readable presentation of the business and commercial news of the month. This has been further improved in the present design adopted in November, 1915.

Bulletin Service

Although THE NATION'S BUSINESS is the earliest publication issued by the National Chamber, it is by no means the only one. It is generally beginning to be admitted that the Bulletin Service, which was started at the end of 1913 and has steadily developed since that time, is almost, if not quite unique. First of all, there is the General Bulletin issued every week in the year. This contains a digest of the business news of the week, special effort being made to cover all actions or pronouncements on the part of the government which in any way affect business

men. This Bulletin covers so many subjects that it is of course not meant to be read through by every member. On this account the wide diversity of topics covered each week are clearly individualized by bold headings which make it possible at a glance to review the contents, select any item which may be of interest and pass it on.

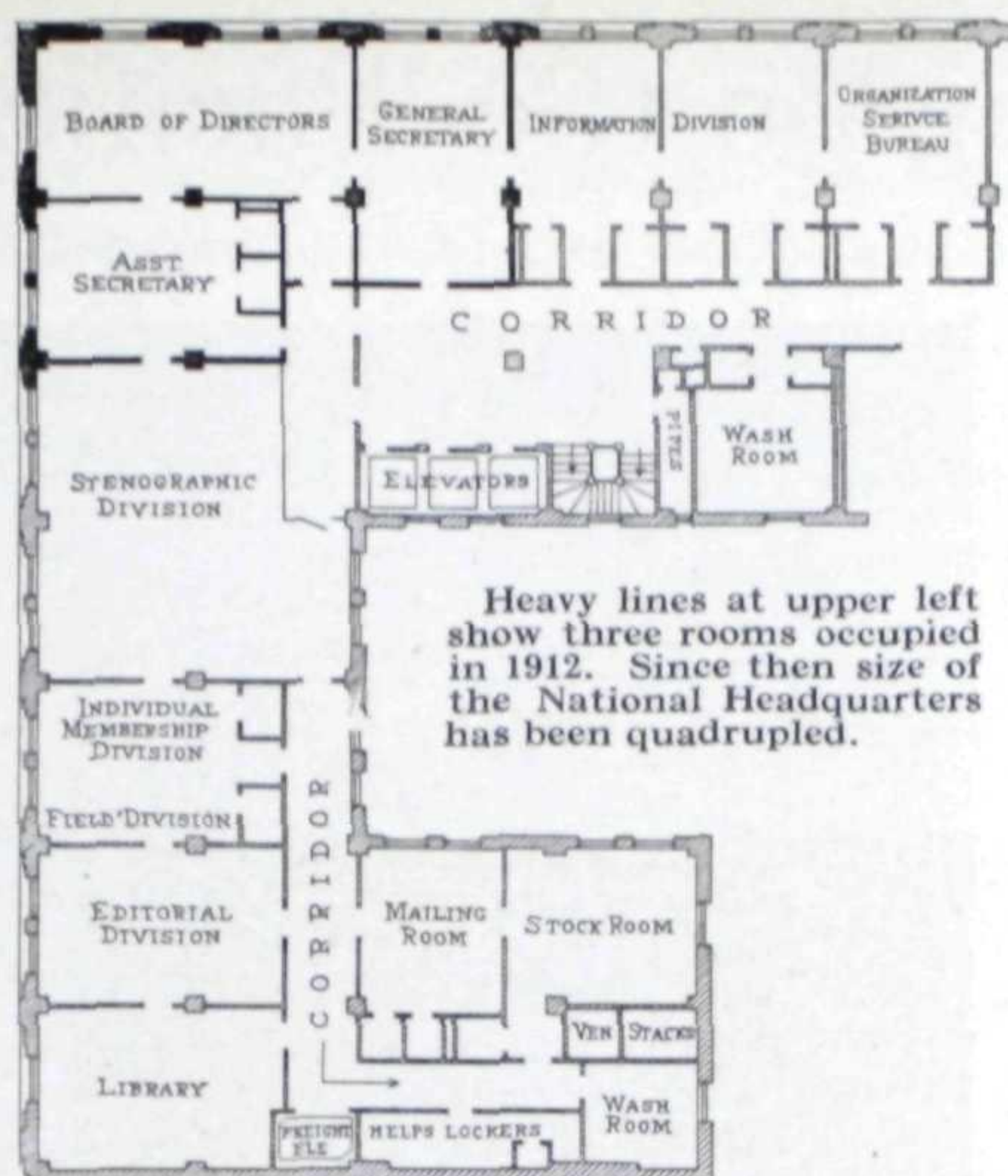
The Legislative Bulletin is issued once a week during sessions of Congress. THE NATION'S BUSINESS does not know any publication like it in the country nor any which even approaches it in accuracy, scope, or clearness for reference. Here every business man can ascertain everything that happens in Congress affecting business.

The Federal Trade Commission Bulletin, recently established, except that it is only issued as occasion demands and its scope necessarily limited by its title to the plans, rulings and decisions of the Federal Trade Commission, is similar in form to the other bulletins.

The active organization of the Committee on Statistics and Standards has led to another series of special bulletins which are issued from time to time and have already covered a wide range of topics, including conditions of business at certain periods, winter wheat, the cotton crop, the problem of the meat supply, the boll weevil and other special subjects.

Cable Service

Any account of the service which regularly goes out from the national head-



quarters would be incomplete without mention of the bulletin service to South America. Every Friday a five-hundred word press cable is prepared for dispatch to Buenos Aires where it is distributed widely in the South American press through "La Prensa's" telegraphic service. This cable contains a compact but exhaustive review of the leading business topics of the week.

Referenda

But the great work of the Chamber of Commerce of the United States has been its successful effort to focus business opinion. Two Presidents of the United States have borne testimony to the national value of this phase of its work. At the first Annual Meeting, President Taft said:

I speak of the movement for the purpose of showing the power that this national organization has by the referendum to all these organizations to gather from them the best public opinion that there is, in order to influence the legislation of the country, so far as that may be properly influenced.

President Wilson said at the Annual Meeting in 1915:

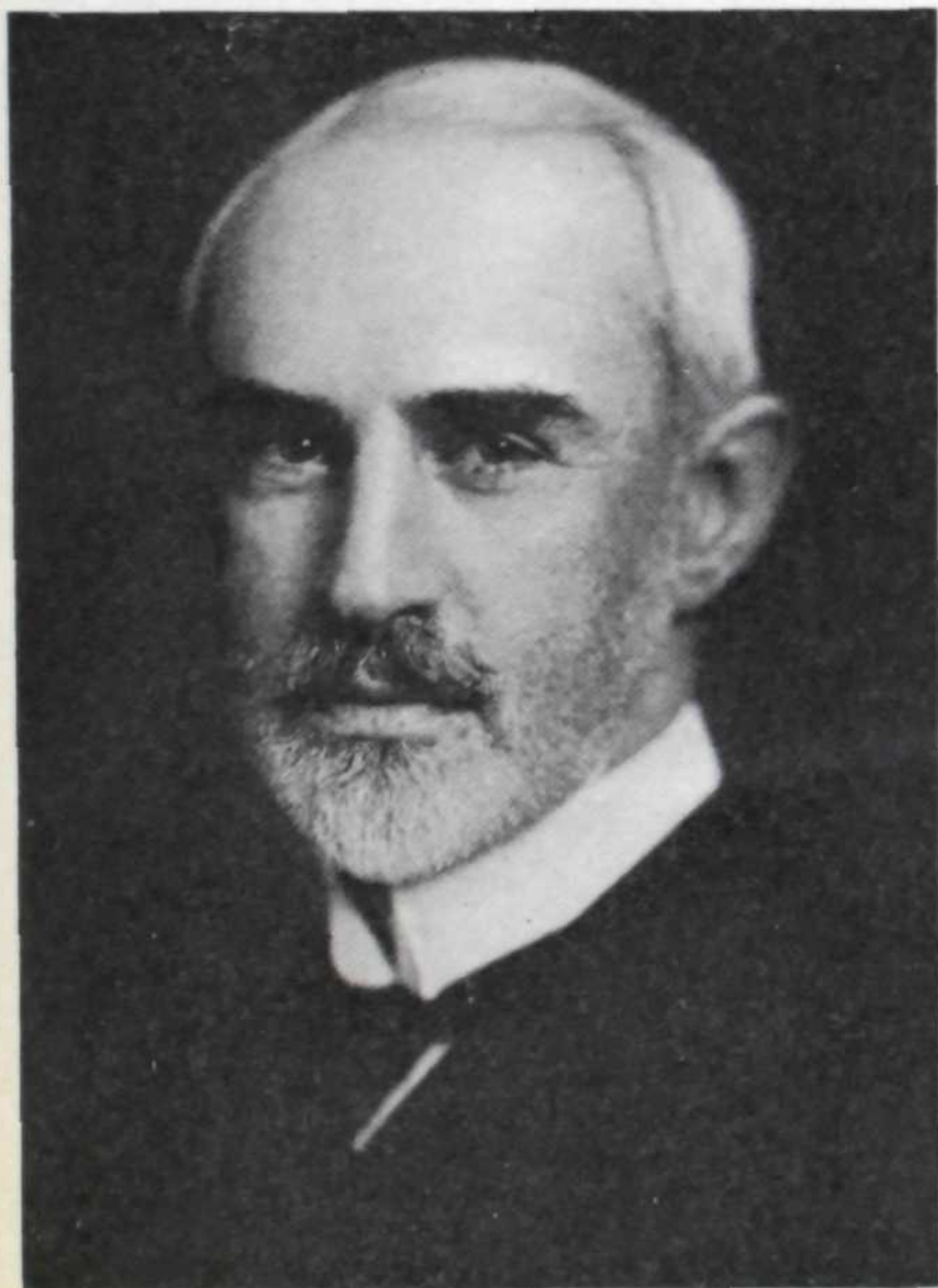
It is very instructive and useful for the Government of the United States to have such means as you are ready to supply for getting a sort of consensus of opinion which proceeds from no particular quarter and originates with no particular interest. Information is the very foundation of all right action in legislation.

The Chamber of Commerce of the United States has no politics because its membership embraces every political party. Its actions are and necessarily must remain free from political bias or prejudice. Again, it cannot take any

definite action whatever in regard to legislation, which has not previously been submitted to its members and approved by a two-thirds' vote. Further than this, the widest publicity is given to every step taken to ascertain the views of the members. These views have been ascertained occasionally at annual meetings but the more usual and thorough method is the referendum. Already votes have been taken by this method on twelve subjects of national importance upon which the opinion of business men might justly be entitled to carry weight. Since the first referendum on a national budget was sent out in 1912, the organization members have voted on a permanent tariff commission, class legislation in antitrust laws, amendments to the bill which established the Federal Reserve system, developing the Bureau of Foreign and Domestic Commerce, a bureau of legislative reference and bill drafting, an interstate trade commission, the regulation of business practices, upbuilding the merchant marine, the consular service and the development of foreign trade, prevention of future wars, and the Seamen's Act. In the last few days additional questions have been submitted to members in regard to the maintenance of resale prices, vocational education, and the most pressing of all, national defense.

Present Organization

THE NATION'S BUSINESS has already called attention to the substantial achievement—
(Continued on page 20.)



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JOHN H. FAHEY, OF BOSTON,
Second President, Elected in 1914



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HARRY A. WHEELER, OF CHICAGO,
First President, Elected in 1912

Shipping on the Pacific Coast

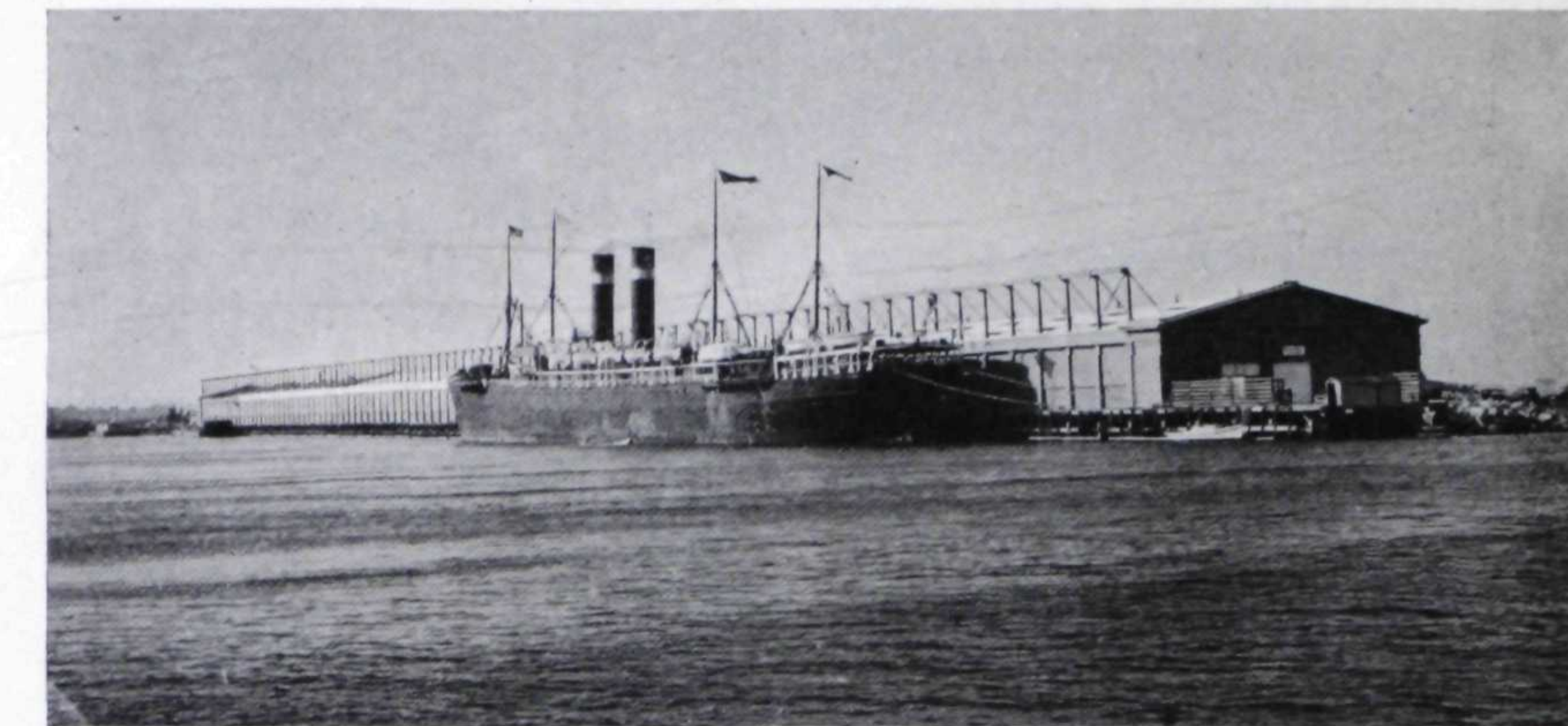
The Effects of the War and of the Seamen's Act

IT HAS been asserted that we are about four hundred ships short of what we would need to keep even our present sized navy at sea in time of war. We are a department store without a delivery system and have to lease or borrow the delivery wagons of our competitors. Our rivals have thus not only the power to cease lending us their wagons, but also to surround the use of them with any restrictions which they feel to be for their own interest.

Shipments and Tonnage.

The greatest expansion of exports since the beginning of the war has consisted in shipments to Europe, which in 1915, in spite of the practical elimination of the important part played in normal times by exports to Germany and Austria-Hungary, were thirty-three per cent more than in 1914. The situation on the Pacific has been somewhat different, the total value of exports from the United States to Asia having increased only about nine per cent and those to Australia and New Zealand having remained practically stationary. When we turn to the shipping situation it is therefore interesting to note that the entrances and clearances for the eight leading ports on the Pacific in 1915 were something like sixteen per cent less than in 1914.

Perhaps it is too early to state with complete certainty all the causes for this decrease; but as elsewhere it discloses a decrease of shipping and an increase of shipments.



S. S. FINLAND AT LOS ANGELES MUNICIPAL DOCK No. 1.
The Wharf will Accommodate Three Such Ships.

Local Conditions

Taking Portland as an example, it appears that only 138 vessels, aggregating 293,462 tons, cleared in the foreign trade in 1915 as against 170 vessels aggregating 452,000 tons in 1913. In regard to the coastwise trade a decrease is also evident, 776 vessels aggregating 973,125 tons having cleared in 1915 as against 947 vessels, aggregating 1,044,422 tons in 1913.

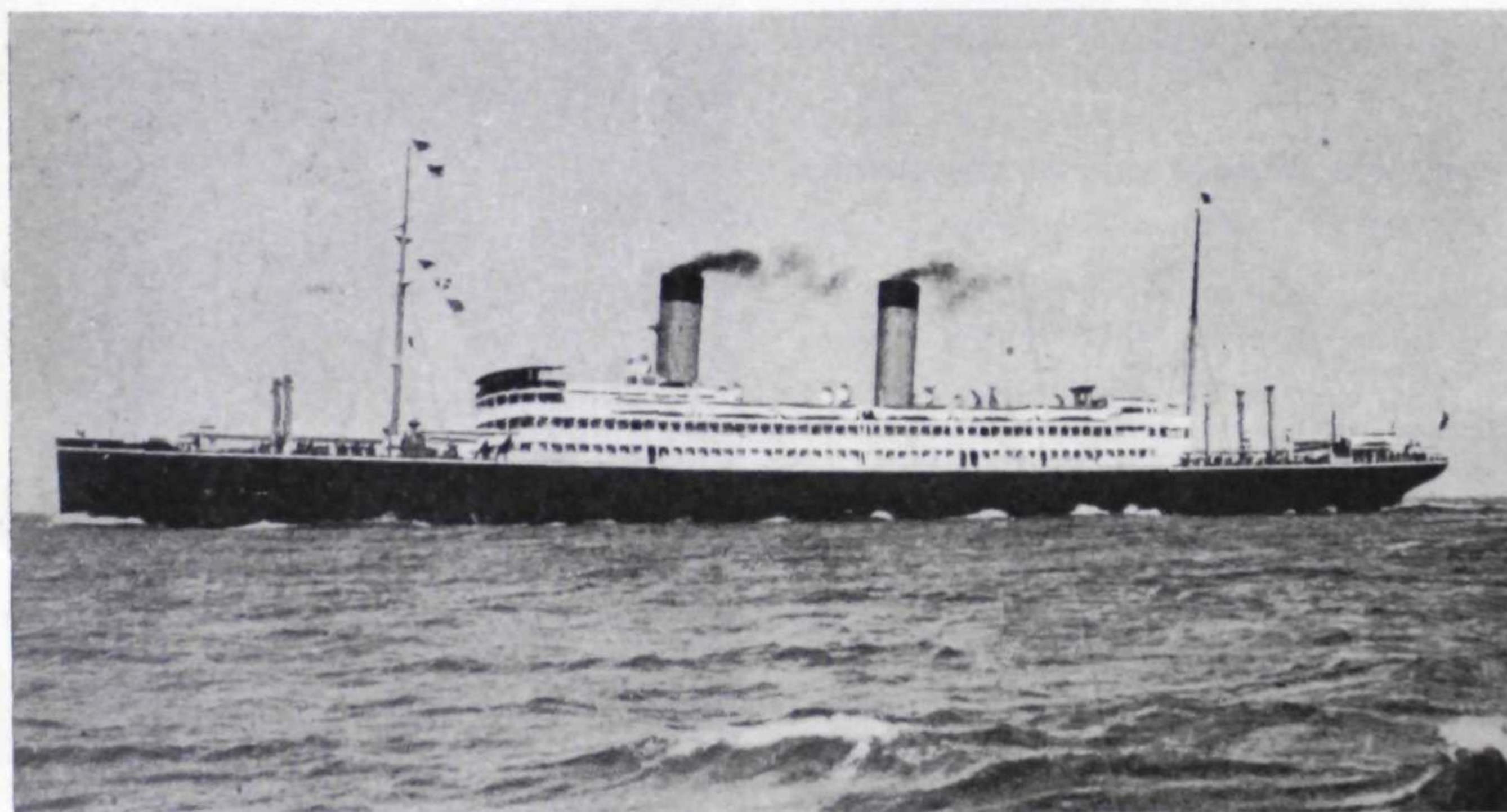
At Seattle it is reported that since the departure of the Great Northern steamer *Minnesota* on her last voyage before she was sold to the British flag, there does not remain a single American vessel regularly engaged in oversea commerce between that port and other countries. Prior to the outbreak of the war more than sixty lines including local traffic, were in operation. The suspension of

service by such companies as the Hamburg American, The Royal Mail Steam Packet Company, the Atlantic and Pacific, and other companies, leaves only one company besides the Japanese lines engaged in carrying trade from that port to the Orient, namely the Blue Funnel Line, which is British. Even the latter is reported contemplating a change to Vancouver in British Columbia.

San Francisco has seen the elimination of the American flag from regular lines of steamers sailing to the Orient as well as the sale to eastern syndicates for operation on the Atlantic coast of many vessels formerly operating in the Pacific. Although building is reported to be very brisk, it must necessarily be a matter of time until many of the American vessels taken from the Pacific trade can be replaced by others now under construction. Only at San Pedro does tonnage seem to have increased and then only in clearances in 1915, not in entries.

The Seamen's Act

While such conditions have prevailed, the Seamen's Act became effective last November as applied to American ships and on March 4 as applied to foreign vessels. The Chamber of Commerce of the United States has gone on record by an overwhelming vote for the suspension of those provisions of the Seamen's Act which have to do with the demand of half-pay at American ports by seamen on foreign ships and also against the language test and the statutory complement



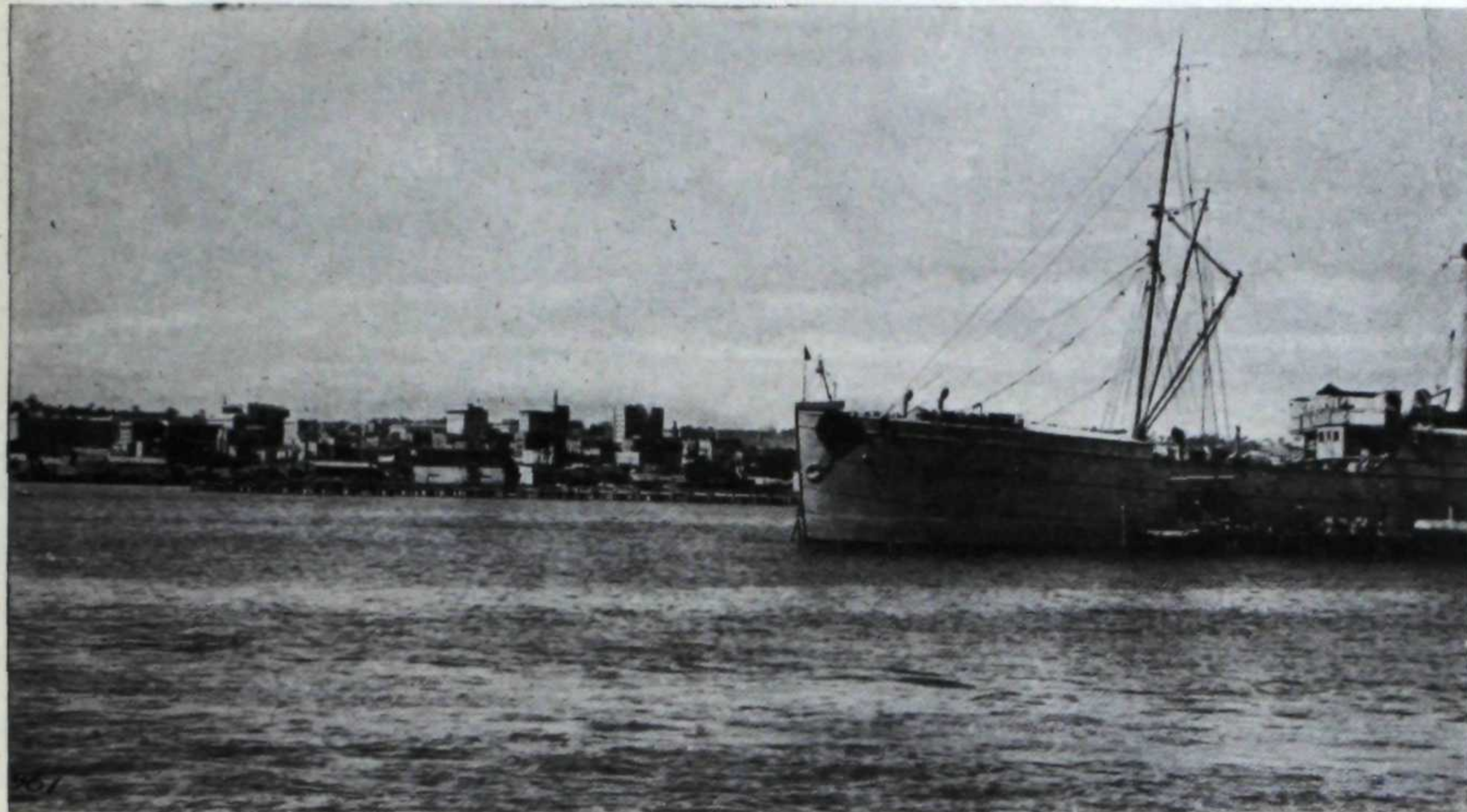
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ONE OF THE 21-KNOT JAPANESE STEAMERS WHICH TRADES TO THE ORIENT FROM SAN FRANCISCO.

of able seamen. A vote was also recorded in favor of suspending the section of the Act referring to life saving appliances and the manning of life boats.

Present Shipping Available

It must be recalled that certainly more than 2,000,000 tons of foreign shipping and probably much more than that has



WATER FRONT AT SAN DIEGO

As to the language test, only recently the former Pacific Mail Steamer *China* was held for a muster of the crew just before sailing, on a protest lodged on the ground that the crew did not come up to requirements. Upon examination by the proper government authorities, the ship was allowed to proceed as it was found that the protest was not borne out by the facts. Aside from the difficulties found in obtaining a crew to comply with the language test before sailing, additional delay was thus experienced through a fortuitous protest which proved to be absolutely unwarranted.

With regard to able seamen, the foreign trade department of the San Francisco Chamber of Commerce recently compiled statistics from governmental sources on the coast relating to the enrollment of seamen under the Seamen's Act, which have been summarized fully in the *Pacific Marine Review*. It was found in the Puget Sound district for example, that the total number of seamen who have proved qualified under the act and therefore received certificates as required aggregated 891. Of this number 9, or about 1 per cent, were of American birth. Further, only 18 of the whole number were even naturalized. The rest were aliens. It is admitted that Puget Sound makes the worst showing in this respect of any port on the Coast. Nevertheless, San Francisco, with 2064 seamen enrolled under the Act, has 168 native Americans and 1551 unnaturalized aliens. The rule holds also in other ports.

been removed from commercial operation since the beginning of the war and that even of the million tons of American shipping now building, aggregating some 230 vessels, more than half consists of colliers, tankers, and car floats which will have no influence in alleviating the demand for cargo space for grain, machinery, and general merchandise which has been the cause of so much anxiety.

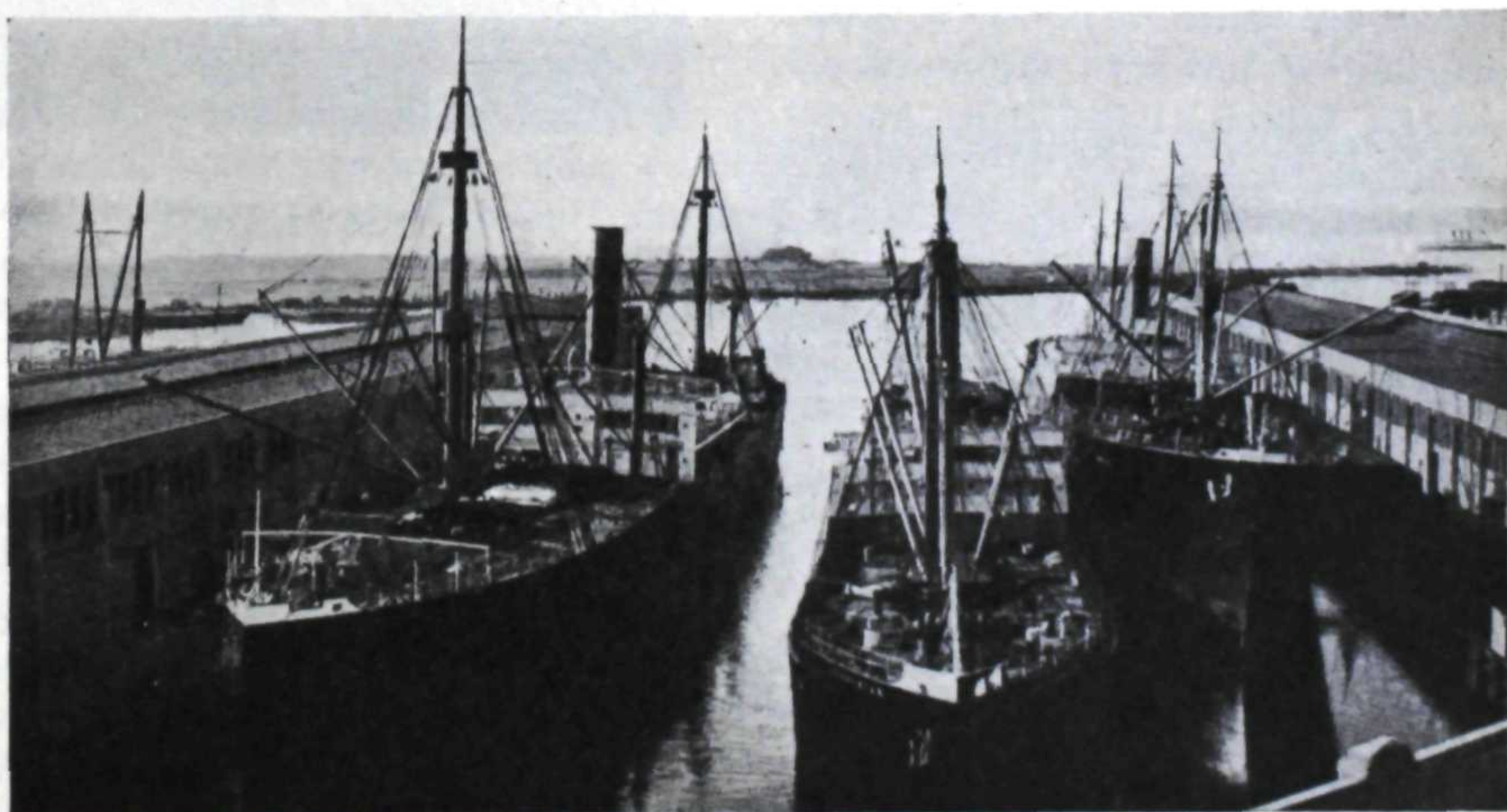
A New Development

A suggestion has been made that we should undertake the rapid construction of large auxiliary steel schooners capable of carrying two or three thousand tons dead weight which, by the simplicity of their construction and ease of handling could be operated profitably in com-

petition with foreign cargo boats. Such vessels with their combined sail and gas engine power could, it is claimed, average something like 8 knots on a voyage and earn an estimated profit of approximately \$90,000 a year. Perhaps such a policy would prove successful. It certainly illustrates that an urgent demand for cargo space persists.

The Future

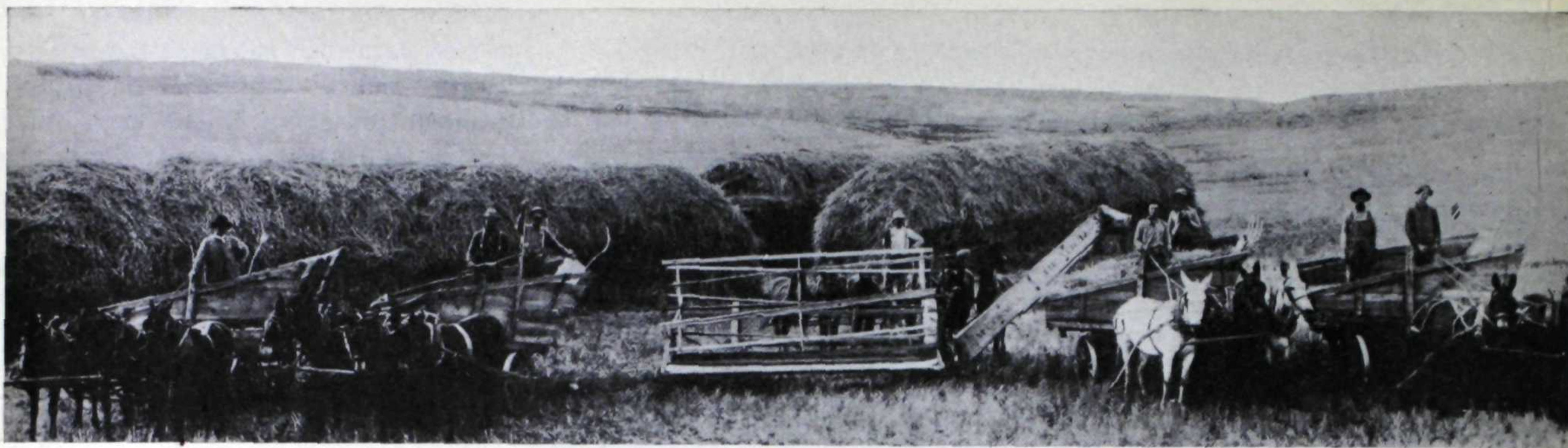
No doubt the American flag may ultimately return to the Pacific, as has been so confidently predicted by those who have advocated the Seamen's Act. It is of course true that the precise effects of the Act have been clouded by the new and extraordinary conditions in shipping which have resulted from the war. The reports of difficulties experienced seem, however, to show conclusively that at a time when Pacific trade was approaching an important phase of its development, due not only to the opening of the Canal but also to the prospective expansion of Oriental trade, additional restrictions have been imposed upon the operation of American ships. The vote of the Chamber of Commerce of the United States calling for the suspension of those sections of the Act which concern the demand of pay, the language test, the complement of able seamen, and life-boat requirements, represented the well considered views of a large body of public opinion and the conditions which have been described would seem to indicate that these views are as well borne out by the present state of affairs on the Pacific as by those which are known to exist on the Atlantic.



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WHARVES AND SLIP AT SEATTLE.

A Group of American-Hawaiian Freighters Moored at The Docks.



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HIGH SCHOOL BOYS AND INSTRUCTORS WORKING ON THRESHING MACHINES AT WATERVILLE, WASH.

Problems of National Defense

Referendum to Record Business Opinion on Preparedness.

TWO years ago national defense, itself unknown, did not recognize the names of the National Security League, the American Defense Society or the American Legion, while the Navy League and Army League were without wide recognition. Today in addition to all of these, there are also the American Preparedness Society, the American Rights Committee, the new Americanization movement and numerous other bodies bent on one phase or another of preparedness. What has happened?

Effects of a Crisis

There is a theory held by a number of economists that normally the average citizen only produces a certain percentage of his potential capacity for work and that it takes a crisis to stimulate him to put forth his full strength. The prime illustration usually cited is war, where individual effort is tremendously stimulated and then absorbed in the interests of the nation. There is no better expression of this than the words of President Wilson at the Third Annual Meeting of the Chamber of Commerce of the United States in 1915, which have already been quoted in the columns of THE NATION'S BUSINESS,—“And when peace is as handsome as war, there will be no war. When men, I mean, engage in the pursuits of peace in the same spirit of self-sacrifice and of conscious service of the community with which, at any rate, the common soldier engages in war, then shall there be wars no more.” We have only to look back at the extraordinary outburst of constructive energy which not only accompanied but followed the civil war and signaled the construction of the first transconti-

ental railways, to appreciate how forceful an example we have at home of the energizing effects of a crisis. An equally remarkable confirmation of this idea is the extraordinary virility and vitality displayed by the Southern States in their contest with an opponent of greatly superior economic strength.

And so today, while we are not at war ourselves, the whole world is sensitive of the stress of the European conflict and the sudden and strenuous demands it has made both on the moral and economic fabrics of neutral nations. Not only is the general imagination stimulated by reports of unprecedented and staggering battles over quiet towns well known to the average tourist, and the terrorizing disasters of submarine warfare, but also by novel and far-reaching economic measures undertaken by all the belligerents together. The colossal expenditures have made them imperative.

Development of Public Opinion

It is not surprising, therefore, that many people have now begun to think of the United States as a possible subject of war. With nearly all the world at war—certainly the majority of those countries which have contributed to the upbuilding of the United States—it is as natural as the course of night and day that not only speculation but accurate study and investigation should be made of the position of the United States. Americans are educated to know that the conclusion of the civil war found the United States with over a million trained soldiers, most of them under twenty-five, and a strong navy. Emphasis is now laid on the fact that our mobile army

consists of 45,000 regular troops, while our navy, formerly second, is now at best fourth among the fleets of the world. People are naturally asking whether we should continue as we are or revert to our former condition.

On the other hand, there has been a strong expression of hope that wars might cease and that the western hemisphere at least might view in prospect an era of peace and healthy industrial and social development extending down the centuries. At the same time that the horrors of the present war are brought home to us, it is also demonstrated that where in our civil war and the Spanish war, from 2 to 6 men died in their beds of disease for every one that was killed in the field or died of wounds, today only a small percentage in a hundred succumb to sickness. It is commonly reported that the death rate from normal causes in the trenches is less than it was with the same men when they were at home and occupied in civil pursuits. This is but one of a number of instances which could be quoted to show the great strides which have been made towards the preservation of human life as well as its destruction.

Interest in Committee's Report

The report of the special committee on National Defense is therefore made at an intensely interesting moment. As the Chamber of Commerce of the United States can only be committed to advocate any measure by a vote of its members on a referendum or at a regular meeting, the report of the Committee at this time, however, represents solely the views of its members and not those of the National Chamber.

Unquestionably the most interesting feature of the report is the unanimous recommendation of the committee for the establishment of a system of uni-



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versal military training. The necessity for this in a democracy is insisted on and is coupled with a comprehensive scheme of industrial mobilization which, when applied in time of war, will hold numbers of industrial workers, whether in factories, railroads, telegraph service, finance or construction, hard and fast at their civil pursuits as representing their quota of service in the general scheme of national defense. The navy is to be restored at least to its former position of second in the Atlantic with a surplus in the Pacific adequate to protect not only our coasts but also our trade routes and possessions, including the Canal Zone. The Army is to be large enough to furnish the first line of land defense, as recommended by the General Staff of the Army or by a Council of National Defense or similar body after it has been created by law. The Committee is inclined to be of the opinion that neither of the bills now before Congress will meet the full requirements of our defense problems so far as they relate to the regular army. Not only reserve material but also reserve officers are provided for and the whole scheme for the security of the nation is to be coordinated and advised by a council of national defense.

What is Before Congress

The report of the committee goes considerably beyond anything now before Congress. The Hay bill as passed by the House, provides for an army of 140,000 men; also measures to increase the efficiency of the National Guard and authorize pay for officers and men which, altogether, would raise the cost of the Guard from something like six million dollars a year to practically forty millions.

The strength of the men so enrolled would ultimately approximate 400,000 troops whom it is provided the President may draft in time of war for the duration of hostilities, unless sooner discharged. Provision is also made for an industrial survey of private plants capable of manufacturing munitions of war, and that,—only however in time of war or when war is imminent,—arrangements may be adjusted with such plants for exclusive government manufacture which apparently would be part of a plan for industrial mobilization under war conditions, when some claim it would be too late.



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TRANSPORTATION AND DEFENSE

To organize and supply these four elements of transportation requires time and preparation in advance.



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The bill introduced into the Senate by Senator Chamberlain, as a substitute for the Hay bill, seems to lack the features applicable to industrial mobilization. It includes, however, pay for officers and men in the National Guard and an increase in that force which would ultimately raise it from its present strength of 129,000 men to approximately 260,000 men. As in the case of the Hay bill, provision is made for the training of reserve officers. The strength of the regular army is increased in such a way as to raise it from its present strength of

something less than 100,000 to 178,000 men.

Committee Goes Beyond Congress.

Neither the Hay nor the Chamberlain bill suggests anything approaching a Council of National Defense or provides for a permanent staff for mobilizing the industries and other economic resources of the country. There is no apparent provision for accumulating reserve material and munitions of war. Finally, there is no suggestion of the basis on which the Committee apparently rests the fabric of its plans, namely, universal training in time of peace which will render every citizen able to play his part in national defense in time of war.

Just what form preparations for the navy will take is not yet evident inasmuch as neither the Committee on Naval Affairs of the House nor the Senate, up to April 10, had reported a bill for discussion. Congress therefore had nothing before it at that date to draw any comparison with the establishment of a General Staff for the navy and the large increase in ships recommended by the Committee.

The personnel of the Committee which framed these recommendations shows an interesting representation of business experience which should lend weight to its conclusions. Mr. Bascom Little, the chairman, is a contractor and builder of Cleveland, and president of the Cleveland Chamber of Commerce. The other members are Bion J. Arnold, of Chicago, a distinguished electrical engineer and former president of the American Institute of Electrical Engineers; Hugh Chalmers, president of the Chalmers Motor Company, of Detroit; D. S. Chamberlain, president of the Chamberlain Medicine Company, of Des Moines, Iowa; W. H.



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Cowles, editor of the *Spokane Review*. There is also Professor Henry C. Emery, (Continued on page 21.)

Preparedness for Foreign Trade

Inadequate Government Aid to Meet New Problems

INDUSTRY and commerce require a safety valve and it is on that account that foreign trade will play such an important part in prosperous development. The need of preparation on the part of the United States through government cooperation to maintain and improve our foreign markets, is admirably expressed in the following letter addressed to the Chairman of the Senate Committee on appropriations from Mr. E. G. Miner, a prominent manufacturer of Rochester, a trustee of the Rochester Chamber of Commerce, New York, and a former Director of the Chamber of Commerce of the United States.

March 21, 1916.

Hon. Thomas S. Martin, Chairman, Senate Appropriations Committee, The Senate, Washington, D. C.

My Dear Sir:—

As a native American, and a manufacturer interested in developing the foreign trade of the U. S., I address you, because of the status of the pending appropriations in so far as they are related to the development of foreign and domestic commerce.

The House of Representatives has seen fit to curtail the request of the Secretary of Commerce to the extent of \$280,000, by deducting from the estimates as follows:

Development of Foreign and Domestic Commerce	\$125,000
American Commercial Attaches	125,000
Tabulating Information	
Gathered	30,000

If there is one thing above all others that needs encouragement at the present moment, it is the export trade of the U. S., and the only way we will get it is with Government assistance.

American manufacturers are not asking for any preferential treatment but they are requesting that information concerning their competitors in the foreign markets which they are now trying to invite, be given them by the only agency which can collect this data, namely, the Government of the United States.

This morning I am advised by our agents in Germany that the Mayor of Vienna has written to the press as follows:

"Upon conclusion of the war, our enemies are planning to continue to be allies upon the markets of the world, in order to crowd us out commercially, and hinder us in our commercial development, and to weaken us until they have become masters of the situation. It is our duty, therefore, to be prepared to frustrate the plans of our enemies, and not allow them to get ahead of us, no matter what means they employ."

This letter concludes with this significant remark:—

"To link Germany, Austria-Hungary and their allies commercially must be the watchword of the future."

Knowing as I do, the efficiency which has characterized the German commercial policy in the past, I can readily understand



DR. E. E. PRATT,

Chief of the Bureau of Foreign and Domestic Commerce.

what this proposes for the future. On February 29, and March 1 and 2, the Association of the Chambers of Commerce of the United Kingdom held their 56th Annual Meeting in London. Every Chamber of Commerce in that Association brought to the meeting proposals affecting British trade at the close of the war. Some of them went so far as to demand that—

"Parliament provide that every corporation or firm **manufacturing or trading** in the United Kingdom, India or the Crown Colonies should be British controlled, both as regards management and ownership."

Another was to the effect:—

"That the British Consular Service be reorganized upon a basis adequate, in view of the trade with the British Empire."

Another was:—

"That the Banking System of England should be examined for the purpose of ascertaining methods by which industrial enterprises may be further facilitated and encouraged."

What show will a neutral nation such as the United States, stand, buffeted as it will be by both of these combinations, unless the Government and the citizens are allied in the closest possible manner, and unless the Government extends to the citizens every possible aid to enable them to combat the commercial combinations which will form against enemies, and will work equal hardship upon neutrals?

If there ever was a time when the Government, by its appropriations, was called upon to help commerce, it is at the present moment, and I earnestly hope that the Senate will restore to the bill the full amount asked by the Secretary of Commerce, and which was excised by the House.

I have the honor to remain,

Yours, very truly,

E. G. MINER.

Position of the National Chamber

The columns of THE NATION'S BUSINESS have already shown that the Chamber of Commerce of the United States went on record in referendum number 10 as favoring a number of measures to increase the efficiency of the Bureau of Foreign and Domestic Commerce in securing and strengthening our markets in foreign countries. These measures included an increase in staff and appropriations for the headquarters of the Bureau at Washington, the better organization of the field service, increased appropriations for developing trade with Latin America, the appointment of five additional commercial attaches, the creation of a new position of trade commissioner and the appointment of six commissioners, the continuance of the present eight local branches of the Bureau in the United States under new appropriations, the appointment and promotion of members of the field service in accordance with Civil Service rules and the Americanization and extension of the Consular Service. The pressing need of these measures was specially urged on the Senate with a view to securing measures not granted by the House.

Action by Congress

The Legislative, Executive and Judicial bill passed the Senate on April 8th and in regard to the recommendations concerning the Bureau of Foreign and Domestic Commerce as yet includes only two of the measures endorsed

(Continued on page 20.)

A National Budget and a Tariff Commission

Progress on Two Questions Endorsed by Referendum Vote

AT a recent address before the Union League of Philadelphia, on the Finances of the United States, Senator Weeks made the following reference to a budget system:

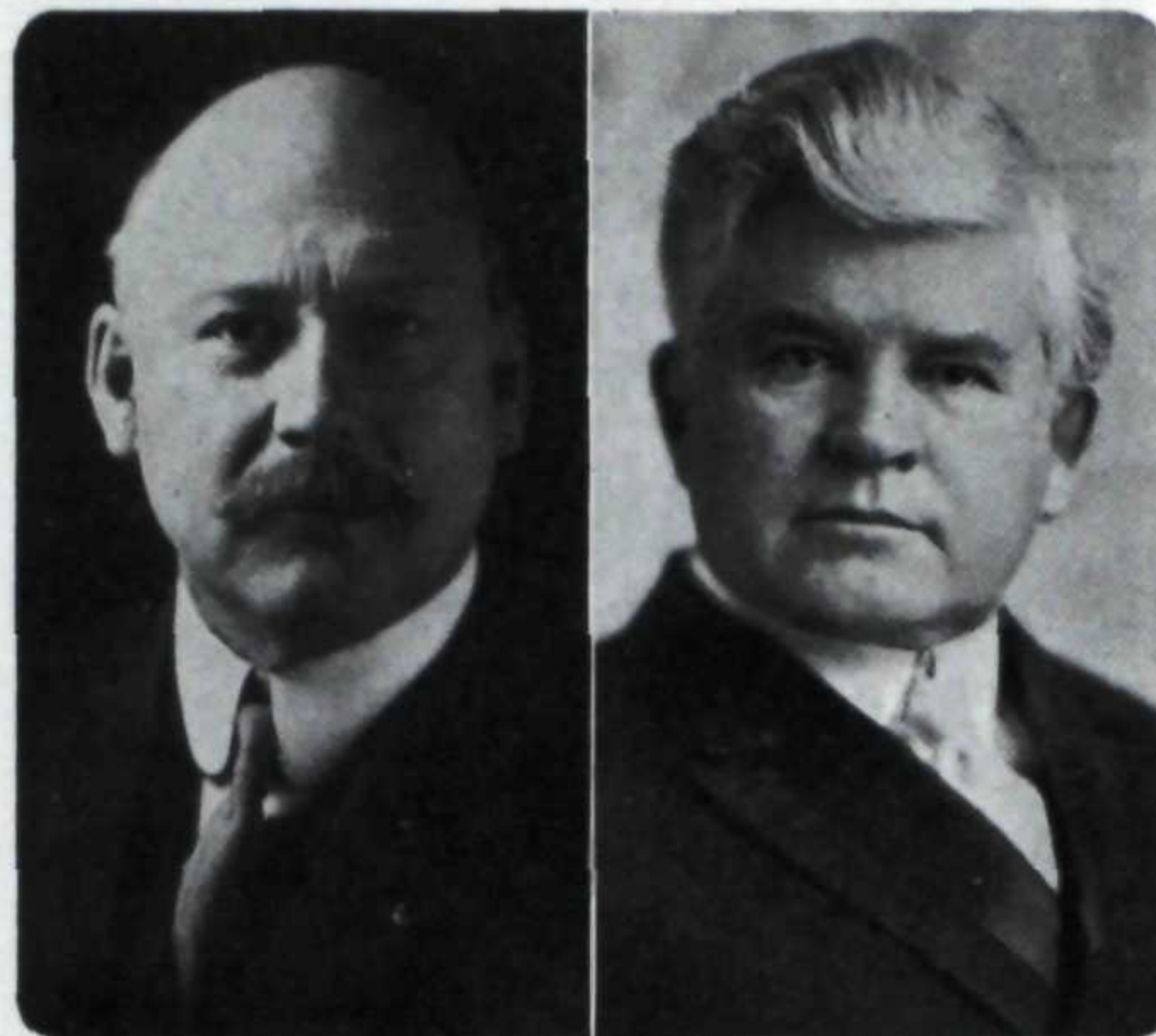
Familiarity with the constant pressure for appropriations from the National Treasury leads to the conclusion that the only method by which extravagance can be limited is the adoption of a suitable budget system. Excessive public expenditures is one of the evils of the present day—an evil which will continue as long as the value of the service of a legislator is based on the appropriations from the National Treasury he can obtain for local purposes * * *

There should be no hesitation in establishing a system which would make it possible for those in control of the Government to commence the year with full knowledge of how much money it will be necessary to raise, and an allotment of that money made not in accordance with the report of a committee but in accord with the proportional necessities in each case.

It was hoped that the question of a national budget would be disposed of in this session of Congress, but for the present, more pressing matters have pushed this question aside and two bills, one introduced by Senator Kenyon of Iowa, the other by Representative Griest of Pennsylvania, have gone no further than their respective appropriation committees. The Kenyon bill would create a joint commission to prepare a budget system by July 1, 1916. The Griest bill urges the reestablishment of the Commission on Economy and Efficiency with enlarged powers.

The first referendum taken by the National Chamber, in November, 1912, was on the question of a National Budget and its membership stood almost unanimously in favor of the proposed reform in our government appropriation methods. This position was reaffirmed by a resolution adopted at the Fourth Annual Meeting last February. Since then renewed efforts have been made to impress upon both Congress and the public the necessity of putting our national finances on a business basis. The Committee on a National Budget, appointed by President Fahey in March, 1915, also conferred with President Wilson last May when he expressed himself in hearty accord with the plan.

The Democratic caucus authorized a committee headed by Mr. Sherley of Kentucky to study this question. A report was made to the party caucus in which there was entire agreement as to the advisability of introducing a reform in presenting national revenues and ex-



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SENATOR WEEKS AND CONGRESSMAN RAINEY.

Senator Weeks Advocates a National Budget and Congressman Rainey Introduced the Administration Tariff Commission Bill.

penditures. Owing to the great pressure of other business, however, the committee realized that it is too late to accomplish any change during this session but recommended that later on in the session further efforts be made to effect a change for the future.

Permanent Tariff Commission

The Rainey bill calling for the appointment of a non-partisan tariff commission is still before the Committee on Ways and Means of the House. It presents the administration's views and was introduced the 27th of March. The bill confers upon the commission powers of investigation, but protects trade secrets and processes. In introducing the bill, Mr. Rainey said:

This bill creates a distinct, independent establishment of the Government with its duties well defined by law and with its permanency absolutely assured. If there is any way of making the proposition more non-partisan than the methods suggested in this bill, I would like to know what it is. It, in my judgment, insures in the future tariff stability, and whenever revisions appear to be necessary it will make it possible to make such revisions intelligently.

Differs from Former Measure

There are several important changes from the old bill introduced in the early days of March. The number of members is increased from five to six, and the term of office from ten to twelve years. The members to serve as chairman and vice-chairman are to be designated by the President every two years. Not more than three members are to be of the same political party. The salary is decreased from \$12,000 to \$10,000 annually. Provision is made for a permanent annual appropriation of \$300,000. The powers which the commission may use in its discretion are made to include investigation of the tariff relations between the United States and other countries, the effect of export bounties and preferential transportation rates, and the cost of production.

Under the new bill the Cost of Production division in the Bureau of Foreign and Domestic Commerce, with its staff, would be made a part of the new Tariff Commission. The Commission would make investigations not only upon the request of the President or of the appropriate committee of either House, as at first provided, but also upon the request of either House. On the first of December each year it would report to Congress the progress it had made, the methods it had used, the cost of its operation, and a summary of all reports it had completed in the preceding year. The results of investigations made under its own power of initiative would not be submitted to Congress but would be at the disposal of the President, the House Committee on Ways and Means, and the Senate Committee on Finance.

Guarding Trade Secrets

The old form of the bill made no provision for guarding trade secrets. The new bill provides a fine of \$1,000 and imprisonment for one year, as well as dismissal from office, for making known the trade secrets or processes of any person or corporation included in any of the commission's investigations, except as provided by the law.

Maintenance of Resale Prices

Referendum to Ascertain Opinion as to Price Cutting

AS a matter of definition, it may be said that there are a number of articles familiar in commerce which have been sold uniformly at fixed prices in every part of the country. These articles range all the way from automobiles, furniture and typewriters to razors, lamp chimneys and chewing gum. Some retailers began to cut these prices. But so well established was the reputation of the articles in connection with their standard price, in many cases, that manufacturers raised the question, "Can such uniform price be modified by the retailer?" and it was answered, "Can such market price be dictated by the producer?"

Statement of the Question.

This question has been under discussion both in and out of the Chamber of Commerce of the United States for more than two years and in definite form. A presentation of the various turns taken by the discussion is indicated by the referendum on the subject which has been sent out recently to members of the National Chamber. The ballot itself enunciates basic principles for decision. The reports of the committee cover the various approaches to such decision. The ballot consists of two capital questions:

1. There should be Federal legislation permitting the maintenance of resale prices, under proper restrictions, on identified merchandise for voluntary purchase, made and sold under competitive conditions.
2. Federal legislation should take the form of an amendment to the Trade Commission Act defining the conditions under which price cutting is an unfair method of competition and authorizing the Federal Trade Commission to prevent such price cutting in interstate and foreign commerce.

It is pointed out that a vote in the affirmative on the first question will support the recommendation of a majority of a special committee on the National Chamber that there should be Federal legislation permitting the maintenance of resale prices. A vote in the negative on the first question will support the opposite contention of the minority of the committee that there should be no such legislation. A vote in the affirmative on the second question will indicate an opinion that there should be Federal legislation and furthermore that it should

take the form stated. The Committee of ten which prepared the report which is the subject of the referendum presented three separate statements.

Majority Report.

The majority of the committee concluded that the advantages of maintain-



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PAUL T. CHERINGTON,

Chairman of Special Committee on Maintenance of Resale Price.

ing the resale price fixed by the producer or manufacturer are partly economic and partly social, arguing that it puts emphasis on quality and price, in competition. It constitutes also an incentive to invent and devise new products and serves also to prevent monopolistic control of production by powerful distributors at the expense of less powerful distributors such as neighborhood stores and other smaller merchants. Although the right to set resale prices has been restricted by close decisions of the Supreme Court, none of these decisions has been taken on the basis of the general principle alone.

Supplementary Report

The supplementary report signed by two of the majority, proposed to insert in Section 5 of the Federal Trade Com-

mission Act in statutory language provisions which will have the following effect:

In regard to products that are identified in their sale to the public by name, brand, or trade mark—and that are made and sold under competitive conditions: No merchant, firm, or corporation shall offer such articles for sale at a price other than that stipulated by the producer for the original sale of the articles at retail (provided the producer has given due notice of such price to the retailer by mark upon the article or otherwise); with the purpose or effect of (a) Making it unprofitable for other retailers to handle said article; (b) Promoting the sale of a substitute or imitation; (c) Attracting trade away from competitors, where the result is to injure the reputations of said articles or the good will of their producers or materially to impair the general distribution of said articles.

While the work of the committee has been confined in its instructions to identified merchandise, it believes that the principle involved in this recommendation is capable of extension to a much wider field and that the predatory cutting of prices on merchandise in general has been and is a favorite method of oppression on the part of unfair business to destroy small competitors and local producers and that legislation could very properly define such practices as an unfair method of competition.

Minority Opposes Federal Legislation

With the formal report presenting adverse recommendation in a space of four lines, the minority filed an explanatory statement. They take the ground that the recommendation of the majority is directly contrary to the conclusions of Federal and State courts on matters of principle, that the right of fixed resale prices supposed to exist for a short time was never understood to exist except as an incident to patents, and that anti-trust provisions in the constitutions and laws of twenty-nine states indicate a policy expressly inconsistent with the idea of maintenance of resale prices.

The question is obviously less clear cut than was imagined when the issue was first raised and the vote of the National Chamber will do much to clarify the situation.

National Training for Self Support

Referendum On the Question of Vocational Education

THE third referendum submitted to the organization members of the Chamber of Commerce of the United States this month covers a question which is closely allied with others which are prominent in the public mind at this time. The report of the special

tend its aid to the states for training in trade and industrial subjects just as it has with great success and national benefit for many years assisted the states in agricultural instruction. The committee believes, too, that the Federal government should lend its aid to the states for

further vocational education for agricultural pursuits.

Without the assistance of Federal appropriations, and the impetus which will come from such appropriations, the states can themselves develop vocational education only very slowly. The industrial welfare of the country, however, demands all haste that is consistent with care. The Federal Commission on National Aid to Vocational Education, appointed by the President in 1914, reported that only eight states had established systems for vocational education, and that these systems have not yet reached one per cent of the workers who need industrial training. The urgent necessity that the United States as a nation should be industrially efficient in its shops and factories as well as on its farms, appears to the Committee to leave no recourse other than prompt action by Congress.

Financial Assistance from Government

No suggestion is made that the Federal government should do more than extend its financial assistance and the encouragement which will flow from its appropriations and its example. The administration of the schools would remain



VOCATIONAL EDUCATION FOR GIRLS
Tailoring and Fitting.

committee appointed to study the question, together with the summary of arguments against its recommendations present a clear issue for decision on a problem which is accumulating importance.

A summary of the committee's recommendations can be stated in very few words as follows:

Liberal Federal appropriations for promotion of vocational education in the United States;

That Federal appropriations should be allotted among the states upon a uniform basis and should bear a uniform relation to appropriations made by the states for like purposes;

The creation of a Federal board, to be representative of the interests vitally concerned and to be compensated sufficiently to command great ability;

That the Federal board should be required to appoint advisory committees of five members each, representing industry, commerce, labor, agriculture, homemaking and general or vocational education.

In the opinion of the committee the Federal government should at once ex-



VOCATIONAL EDUCATION FOR BOYS
Painting and Finishing.

wholly in the hands of local authorities and the instructors would be municipal or state employees, and not Federal employees.

The report does not suggest modifying the higher instruction already given in technical subjects by many excellent institutions.

It contemplates instruction of a vocational kind for the great number of children who now leave school at fourteen years of age and go to work.

Creation of a Federal Board

In order that the Federal government may have administrative means of giving effect to any Federal law which may make appropriations for vocational education, a suitable Federal agency should be created. For this purpose the committee recommends the creation of a Federal board to administer the national functions in vocational education which are proposed.

Advisory Committees of Five

The Federal board should be required by law to seek advice from persons actually engaged in the industries and occupations for which vocational education is proposed. To meet this need the Federal board, however constituted, should be required to appoint advisory committees of five members each, representing industry, commerce, labor, agriculture, homemaking, and general or vocational education.

Aggregate Advisory Committee Expenditures \$50,000

The purpose of the committee is to suggest such a plan for advisory committees as will permit and guarantee the appointment of any one committee representing a particular industry to serve only for such a length of time as will actually be necessary for its duties of advice regarding the particular situation in the industry in question.

Immediate adoption by Congress of such proposals as are made in this report, the committee believes, would go far towards advancing the interest of the nation in ways which modern conditions imperatively demand.

Preparedness for Foreign Trade

(Continued from page 16.)

by the National Chamber in its referendum. First of all, last year's appropriation of \$75,000 for the promotion of for-

eign and domestic commerce, except in Latin America, was increased to \$150,000 while the appropriations for the promotion of commerce with Central and South America was increased from \$75,000 to \$100,000. The other items, including the appointment of additional attaches, and the creation of trade commissioners have not been acted on.

Much better results are promised for the Consular Service in the provisions of the Diplomatic and Consular Bill now on the House calendar. In order that travel expenses should not be limited to five cents a mile the transportation appropriation has been increased from \$75,000 to \$125,000 so as to provide for the actual and necessary expenses of transportation and subsistence of diplomatic officers when proceeding to or changing posts. Furthermore, the consular inspectors who were formerly limited to \$5 a day for travel and subsistence are now allowed their actual and necessary travel and subsistence expenses, the latter not to exceed \$10 a day, thus affording them a total of \$15 available. A lump sum of \$100,000 was also appropriated to enable the President to adjust the official income of consuls to the ascertained cost of living at the posts to which they are assigned. While the complete Americanization of the service was not effected, as recommended in the referendum, \$45,000, the whole amount asked for by the Department of State, is appropriated so that vice consuls who are not Americans may be eliminated as fast as it is practicable to obtain Americans for their places. The bill also carried \$493,000 for clerk hire at consulates, which together with funds made available by the bill will afford a substantial increase.

No provision is made to raise the status of eleven consular agencies to consulates, or creating fifteen new consulates recommended in the referendum for places where hitherto there has been no American consular officer. It appears, however, that permissive legislation to this effect is not necessary, provided the Department of State discovers funds available to support the extensions proposed. Save by increasing the travel and subsistence allowance of inspectors, no measures are taken to extend the inspection of the consular service.

Net Results.

On the whole, it may be said that while the bills in Congress carry the en-

tire amount asked for the Consular Service by the Department of State and measurably approach the principal features endorsed by the referendum,—which went beyond the Department's recommendations in some cases—the total additional appropriation for developing the Bureau of Foreign and Domestic Commerce has been limited to sums aggregating \$100,000. This is very much short of what was endorsed by the referendum or asked for by the Secretary of Commerce and ignores features which were strongly recommended.

Four Years of Achievement

(Continued from page 11.)

ments resulting from the referendum votes of its members. (See THE NATION'S BUSINESS Supplement for February, 1916, third cover.) This could only be safely and definitely accomplished by a well planned and well managed organization. It cannot be too often reiterated that the decision of all questions lies with the commercial organizations which constitute the National Chamber, not with the Board of Directors, which exercises powers which are exclusively supervisory and selective. But to carry out policies which cover so wide a field as those of the National Chamber an efficient staff organization is essential. This exists today in the national headquarters and includes not only the office of the General Secretary and Assistant Secretary with a large stenographic and clerical force, but also an Information division, an Individual Membership division, a Field division, an Editorial division, and the newly established Organization Service Bureau.

Finances and Future

All previous attempts to make the body of business men of the country coherent have faced and been defeated by the problem of financial support. The Chamber of Commerce of the United States has been the exception and today is not only established on a sound financial basis but is in a better position than in any other previous year of its history. This, in itself, is a solid argument for its success and a happy augury for a future which will fulfill the high expectations of the far-seeing business man who planned not only its organization but its purposes and its ideals of service to American business.

Three Phases of Industrial Preparedness For Peace

"Dumping," Industrial Protection, and Scientific Shop Management

THE pressing importance of the problems of industrial protection, "dumping" and industrial efficiency were reflected in resolutions passed at the annual meeting in February, the first two of which have been referred to the Chamber's Committee on Permanent Tariff Commission and the last brought to the attention of appropriate committees of Congress.

So-called "dumping," industrial protection, and the question underlying the issue created by the Deitrick Amendment, under the circumstances which govern today, all have a certain relation to that national awakening which is being manifested in so many ways. The Deitrick Amendment by prohibiting the use of stop watches and other means for making time-studies in judging how to promote the efficiency of workmen, strikes at one phase of industrial advance by the simple process of eliminating one of the experimental means of increasing industrial efficiency. From an abstract point of view the Deitrick Amendment would deprive us of a weapon in the armory of industrial preparedness. Not that the weapon itself is necessarily single or essential but that many believe we need every weapon available in view of the keen conditions of competition and advance which are prophesied after the war.

Dumping is a much used and misused term. The practice it describes has existed in free-trade England as well as in protected America. It is frequently, according to accepted authorities, a by-product of the acknowledged practice that the best means to get the best results in the way of the largest product at the lowest cost, in many industries, is to keep the plant going all the time. Under these conditions the cost of production attains its minimum and the manufacturer simply has to attain a general average of price to assure his profit. And so he casts about and sells in different markets, whether at home or abroad. But market prices are not uniform, even in one country such as the United States, any more than railway rates are uniform. A difference of price is therefore accepted by the manufacturer to attain that balance between the lowest cost of production and the com-

plete disposal of the entire output at an average profit.

Because American manufacturers have, frequently as a result of this theory when carried into practice, been willing to dis-

DUMPING LEGISLATION

RESOLVED, That the Chamber of Commerce of the United States of America petition the President and Congress to take prompt action to refer this question to such governmental agency as is best equipped to ascertain all facts in the case and base thereon all necessary legislation in order to prevent such abnormal foreign competition.

INDUSTRIAL PROTECTION

RESOLVED, By the Chamber of Commerce of the United States of America in Fourth Annual Meeting assembled that Congress be requested to make an investigation through an appropriate agency to ascertain the industries which in the national public interest should be developed and enact legislation to promote such development.

INDUSTRIAL EFFICIENCY

RESOLVED, That the Chamber of Commerce of the United States in Fourth Annual Meeting assembled emphatically reaffirms the attitude it has previously taken upon this question.

This refers to a resolution passed at the Third Annual Meeting urging

"The Senate and the House to reject the so-called Deitrick amendment to the pending bill which makes appropriations for the Army in so far as this amendment seeks to prevent the study of methods to increase industrial efficiency in manufacturing establishments of the Government and to forbid additional compensation to employees as reward for improvement in skill and effort."

pose of a part of their output in foreign markets at a price less than that to their American purchasers, a fear has arisen that the reverse may occur at the conclusion of the war. But it is being widely questioned whether this is the real danger that has to be faced. Many economists are inclined to the belief that what we will have to fear after the war is that Europeans will be able to sell in this country without loss at a price which cannot be approached by our own manufacturers.

And so we come to the question of industrial protection. Regardless of dumping, and its two phases—the moral and normal and the unfair and occasional—we have had brought up to us by the war the fact that we are not, as we have always imagined, industrially self-sufficing. No one before the war had any idea of the extent to which we depended upon Germany for dyestuffs. The paper industry is also feeling the effects of the

curtailment and gradual elimination of certain sources of supply. England already has appreciated and faced this problem by singling out "key" industries; that is, industries which are a key such as dyes, for a number of industries. We have the same problem. Industrial protection will require us to protect ourselves industrially in a more scientific sense than before and will apply to articles and manufactures which require cultivation in order to preserve our national industrial independence.

Problems of National Defense

(Continued from page 15.)

ex-chairman of the United States Tariff Board; Louis T. Golding, publisher of *The News Press*, of St. Joseph, Mo.; Captain Matthew E. Hanna, now a manufacturing chemist and formerly an officer in the United States Army of wide experience in active service; Professor Ira N. Hollis, president of the Worcester Polytechnic Institute and for many years an officer in the United States Navy; Albert J. Logan, a manufacturer of Pittsburgh, and a brigadier general in the Pennsylvania National Guard, a former director of the Chamber of Commerce of the United States; Franklin T. Miller, of Massachusetts, president of the F. W. Dodge Company, a compiler and publisher of industrial statistics; J. Bernard Walker, editor of *The Scientific American*; Henry A. Wise Wood, an inventor and manufacturer and vice president of the Aero Club of America, who recently resigned from the Naval Consulting Board appointed by Secretary Daniels, and James L. Wright, a financier and bank president of New Orleans and Chief Quartermaster of the Louisiana National Guard.

The vote on the referendum will close May 23. By that date an important section of public opinion will have registered its views on the essentials of national defense. The report of the committee as presented in the referendum pamphlet is accompanied by an unbiased summary of the arguments against the committee's recommendation so that the final vote of the commercial organizations of the country will be reached after a full review of both sides of this pressing issue.



With the Organizations



Increasing Dues Without Losing Membership

THERE is undoubtedly no commercial organization secretary uninterested in how to secure increased revenue for carrying on his work. It is not the province of the Service Bureau to surmise how this can be done, but only to record instances of where and how it has been done. One of the methods of increasing revenue is by raising the amount of dues. Many secretaries have considered this and some have tried it.

Results Obtained

A letter from the Secretary of the Topeka, Kansas, Commercial Club records how, in one week, they got 525 members out of 600 to agree to a raise of dues from \$12 to \$20 annually, thereby increasing their revenue from \$7,200 to \$10,500, and he states that there is no doubt but the campaign will end with no loss and probably an increase in membership as well as income. But it is better to let him tell it himself:

"For several years it was apparent that the effort to maintain our annual budget on a twelve dollar membership was a great burden upon the few men who gave of their time to assist in membership campaigns. Our experience taught us that we could count on about six hundred men who would pay dues at twelve dollars a year without being visited by a Membership Committee and without being sought each year to renew. In order to raise the difference necessary to meet our budget, it became an annual necessity for us to have from one to four campaigns in an effort to get three or four hundred members to meet our actual requirement. We figured that of the six hundred members that were paying their dues, most of them would pay twenty as soon as they would pay twelve.

New Plan Adopted

"The Ways and Means Committee, after considerable discussion, decided on increasing the rate of dues to \$20. We presented the matter to the Board of Directors with good reasons for the action and they approved of it. We

then had a membership meeting at a 6:30 o'clock dinner which we called a "Twenty Cylinder Dinner" and we presented the argument for the change in our dues, promising that if more time of the Club members could be devoted to the work of the Club and not so much taken up in membership campaigns, it would be of benefit to all the members. We had a number of rousing talks by local men only, with a result that the meeting voted unanimously to raise the dues.

"This gave us the 'pep' necessary to put across the campaign. We called out our very big business men and they gave their time, along with the smaller business and professional men and clerks. In a week's time we had five hundred and twenty-five of the members re-signed. Our membership is growing almost every day and I have every reason to believe that with a very little effort on the part of our Ways and Means Committee this year we will have a membership of over six hundred. We have much more interest manifested in the Club; we are busier on big things; and we are hearing absolutely no criticism from any source because of our increased dues."

Amalgamation Increases Revenue

A LETTER from the Secretary of the Galveston Commercial Association tells of efforts made for the federation of the organizations of the city, and how, finally they voted to amalgamate. It seems that at the time this action was taken the three organizations had a combined income less than \$16,000 a year. Says the letter:

The Situation

"In addition to supporting these organizations, whenever a convention came to town or there were any special features, including the Annual Cotton Carnival, special subscription lists were sent around among the people and subscriptions made for that particular event. After these events were over there was, unfortunately, no accounting publicly

made, of the money spent and we therefore made an effort to find out among the larger firms in the city just what they contributed per year to each of their various organizations, and for various special purposes. We found that very few of our people if any, fully realized how much they were contributing for all purposes, and it was in the nature of a surprise when they discovered how much they had paid each year. After informing the leading firms and individuals as to the sum total of their contributions, we made a proposition that if they would, in conjunction with the other citizens of Galveston, contribute a total amount of \$50,000 a year to the new organization, the new organization would undertake to provide for all of the affairs previously provided for by special contributions, to render an accounting for each dollar received and that the entire outlay would cost less to the people of Galveston than under the previous arrangement.

Plan of Campaign

"When the new organization was completed the chairman of the Finance Committee invited some 52 chairmen of soliciting committees to meet him at a luncheon. At this luncheon each one of these was presented with a list of subscribers whom he was expected to see in conjunction with his committee, together with a memorandum of the amount that each subscriber had been contributing each year to each of the various organizations with which he was connected. If they had contributed nothing that fact was so stated. Each chairman was asked to provide himself with a suitable committee and on a certain date proceed to secure new subscriptions to the new organization based upon the new arrangement.

"Although this was then a city of but 36,912 people, probably 20 per cent of whom were negroes, approximately \$48,000 was subscribed and the Galveston Commercial Association became assured with an income regularly provided for greatly in excess of the combined incomes of the three organizations which had previously attempted to carry on the business of the city."

WE ARE showing on this page a chart of 402 commercial organizations grouped according to annual revenue from dues, each group being divided into divisions in accordance with the rate of dues.

Dues and Income

In looking at the chart, attention is at once attracted by the relation of the rate of dues to income. In all of those organizations having an annual income from dues in excess of \$100,000 the annual rate of membership dues is \$25 or more. In all of those organizations having an annual income from dues amounting to less than \$1,000, the rate of membership dues is less than \$25.

There are five organizations having an income of from \$50,000 to \$100,000, and of these three have a dues rate of \$25 or more and two have less. Of twenty-one organizations in the next income class, ten have the higher and eleven the lower rate. In the next income class the ratio is 17 to 27, the next 7 to 26, the next 13 to 31, the next 7 to 68 and the next to the last class, or those having an annual income of from \$1,000 to \$2,500 we find three organizations having the higher dues rate and 90 having the lower.

Larger Organizations

In analyzing these figures it is found that the five organizations of largest income, all of which have a dues rate of \$25 a year or more, have an average membership of 3,586, this figure being obtained by dividing the total membership of 17,932 by five.

The next bar of the chart shows five organizations having an income of from \$50,000 to \$100,000. Three of these charge the higher rate of dues and have an average membership of 2,714, and two, charging the lower rate, have an average membership of 2,657.

The third bar shows 21 organizations having an annual income of from \$25,000 to \$50,000. Of these, 10 charge the higher dues rate and have an average membership of 1665 and eleven charge the lower rate and have an average membership of 1,824.

There are 44 organizations charted in bar number 4, having an annual income of from \$10,000 to \$25,000. Those having the higher dues have an average membership of 604 as against a membership of 1,000 for the lower, or over 50 per cent higher membership for the lower rate organization. This same ratio is approximately shown in bar five, where out of 33 organizations having an annual dues income of from \$7,500 to \$10,000, seven, charging the higher dues rate have an average membership of 424, and 26 having the lower rate have a membership averaging 602.

Income and Population

As dues income decreases with population, this difference in size of membership increases to the advantage of the organization charging the lower rate of dues. In bar number 6, showing organizations with an income of from \$5,000 to less than \$7,500, we find 13 organizations averaging 233 members charging the higher rate, and 31, averaging 419 members charging the lower rate.

In bar number 7 the difference is even more striking. In this is shown 75 organizations having an income of from \$2,500 to \$5,000, of which seven charging the higher dues have a membership of 121 and 68 charging the lower rate have an average membership of 441.

In the eighth class we have 93 organizations, but three of which have the higher dues rate. The three higher dues rate organizations have an average membership of 124, whereas the average membership of the 90 organizations charging a lower rate is 217.

It must be understood, however, that the great majority of organizations charging the lower rate have either a graduated scale of dues or allow the taking out of plural memberships.

The average membership of the 82 organizations having less than \$1,000 annual income is found to be 150.

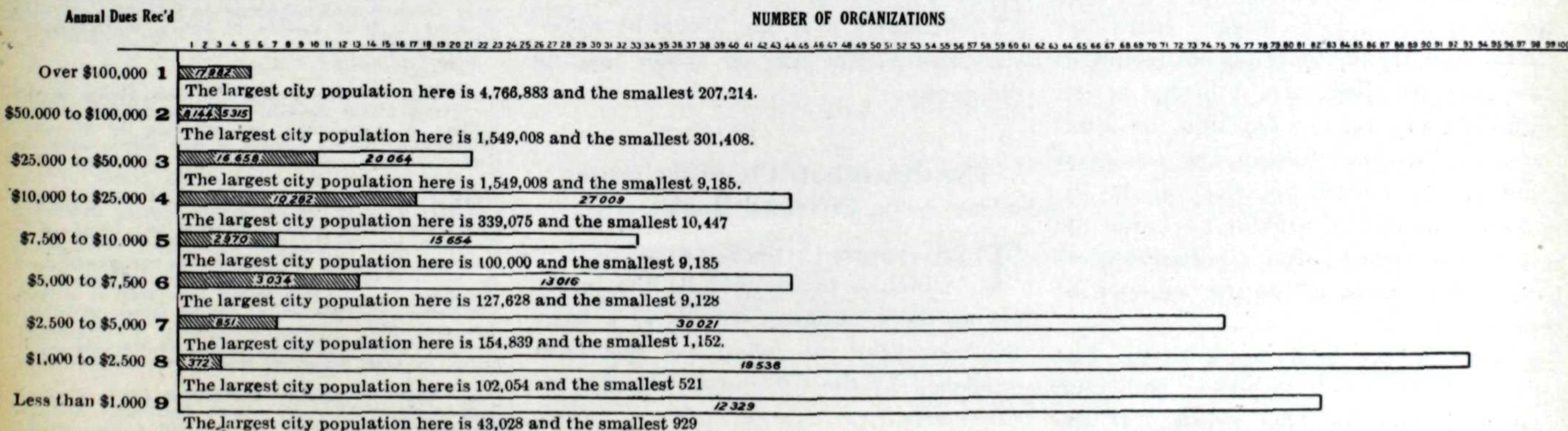
Possible Conclusions

It is not the purpose of this chart to prove or disprove anything. The organizations listed were not picked, but taken from a list in which data was complete as to rate of dues and income.

A study of the chart would seem to indicate that, except in the smaller communities, the higher rate of dues not only produces the greater revenue, but does so without unduly sacrificing membership.

It may be wondered why, in making this chart, large cities were included as among those having the lower incomes. The reason for this is that all organizations for which there was available data are shown in the chart, purposely to avoid any attempt at selection.

Chart of 402 Commercial Organizations Grouped According to Income and Dues.



Key to Chart

- Figures in left hand margin give annual revenue from dues, the smaller figure being inclusive and the larger exclusive.
 - The bars are extended to show number of organizations within the income class.
 - The shaded portion of the bars record organizations with annual dues of \$25 or more, the light portion of the bar records organizations having annual dues of less than \$25.
 - The figures within the bars give total membership of the organizations recorded.
- For example: The first bar shows that there are 5 organizations with an annual income exceeding \$100,000, and that they all have annual dues of \$25 or more. The second bar shows that there are 5 organizations having an annual income of from \$50,000 to \$100,000, 3 of which have annual dues of \$25 or more and a combined membership of 8,144, and 2 of which have a lower dues rate with a combined membership of 5,315. Where there are graduated dues they are apportioned according to whether the minimum is \$25 or less.

Alaska Wants Quicker Action

THE building of roads and bridges is something in which most communities are interested, but they are subjects more or less under the control of the community itself. If they are not built or poorly built, the fault lies somewhere within the community. It would seem to be otherwise in Alaska, according to a letter received from one of our members there. Its request for relief would seem itself to be the best "first aid," so we quote a few paragraphs:

"What the people of Alaska are vitally interested in is good roads and laws to govern themselves, . . . Alaska is governed so much that it is a burden on

superfluous office force. I am bold to say that 40 per cent is used for making blue prints.

"I will just give you an illustration of how this measly bridge was built after scrapping over it to get it: First, a surveyor was sent. A year afterwards the foreman came up to see what the surveyor was doing. Then a lieutenant came here to see what these two were doing. Finally, to cap the climax, a fellow came all the way to Skagway from Fairbanks to see what all the others were doing. Then, about six months afterwards, we got the bridge built, with all due respect and friendship to all of them. Now, if you can help us to get that road built to the summit at the boundary line,

raphy of Cincinnati with reference to the surrounding region, deals with the first settlers, their food, utensils, and clothing, primitive exchange, early schools and the first newspaper, church, pastor, and government.

There are chapters dealing with the early development of industry and commerce and with present day industry and commerce, as well as the civic and commercial organizations, labor organizations, labor legislation, public utilities, municipal government and finance and city planning. This book is issued as a part of a plan of the Chamber of Commerce for educating the people of the city as to its advantage and needs.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912.

THE NATION'S BUSINESS, published MONTHLY at WASHINGTON, D. C., for APRIL 1, 1916.

WASHINGTON
DISTRICT OF COLUMBIA }

Before me, a Notary Public in and for the State and county aforesaid, personally appeared D. A. Skinner, who, having been duly sworn according to law, deposes and says that he is Assistant Secretary of the Chamber of Commerce of the United States of America, Publisher of THE NATION'S BUSINESS and that the following is to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in Section 442, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:
Publisher—Chamber of Commerce of U. S. A., Washington, D. C.
Acting Editor—Basil Miles, Washington, D. C.
Associate Editor—Robert D. Heinl, Washington, D. C.
Business Manager—None.

2. That the owners are:
Chamber of Commerce of the United States of America, Washington, D. C. Said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors, the officers and members of which are as set forth in Exhibit A, attached herewith.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are:
None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company as trustees or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is — (this information is required from daily publications only).

D. A. SKINNER,
Assistant Secretary,
Chamber of Commerce, U. S. A.

Sworn to and subscribed before me this Fourth day of April, 1916.

KATHERINE V. BOSWELL.

(My commission expires Jan. 3, 1918).



A MOUNTAIN ROAD IN ALASKA

the people. Take, for instance, the road commission. . . For fifteen years we have been trying to get a road built to the boundary line; also a bridge across the Skagway river. Through the kindness of Governor Strong and the good will of our honored Secretary of the Interior, the Hon. Franklin L. Lane, the road was at last, after all these suffering years, surveyed in the summer of 1914.

"Last fall we finally got a bridge. Just think of it! It cost \$1,700 to build and about \$1,300 for blue prints. If the bridge stands up at the next high water, then I lose my guess. The improvement of Alaska is what the people want, and good roads can be built without the aid of the military, by any sourdough without the aid of blue prints and lots of

where we will have a chance to get out of the country save and except by water, this association will be under lasting obligations."

The Cincinnati Chamber Issues a Citizens' Book

THE Citizens' Book, a publication which is to be used by the teachers of the Cincinnati schools as a basis for instruction in civics, has just been published by the Cincinnati Chamber of Commerce.

The book aims to be an analysis of Cincinnati and her institutions. It was prepared on the assumption that the citizen should know all about his city as a portion of the ground work of his education. The volume describes the geog-

WHERE THE NATIONAL CHAMBER HAS SUCCEEDED

THE Chamber of Commerce of the United States divides itself clearly between the constructive work for advancement of American commerce carried on through committees, on the one side, and service to American business organizations, firms and individuals, carried on through the Washington headquarters, on the other. It cannot be too often reiterated that the decision of all questions lies with the organization membership, not with the Board of Directors, which exercises powers that are supervisory and selective—supervisory over the administration of the Chamber and generally selective as to subjects to be considered and committees to be appointed.

This year, a critical one for American commerce in view of the world war and the position of the United States as the greatest neutral nation endeavoring to uphold the standards of civilization, the rights of neutrals, and the ideals of peace, has been one of development and adventure for American business and to an equal degree for its National Chamber. It has been the part of the Chamber to exercise foresight, judgment and enterprise to keep American business fully informed of commercial conditions, to plan against the exigencies of the future, to encourage sound and legitimate adventure into foreign fields, and to secure the counsel of the business men as represented in commercial organizations upon the leading commercial questions before Congress and the Executive.

Four Years of Development

